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INSIDE
EIGHT PAGES
FROM SUNDAY'S
The New York Times
WEEKLY REVIEW

Savir: Tibi role could be dangerous

DAVID MAKOVSKY

BRINGING Israeli Arabs like Yasser Arafat's adviser Ahmed Tibi into the peace process as negotiators would be "dangerous," outgoing Foreign Ministry Director-General Uri Savir said yesterday.

He added that this would blur their identity and because of this, he refused to hold talks with Tibi. Savir, 43, a spearhead of the secret Oslo talks and crucial player in subsequent peace negotiations with the Palestinians, is leaving the Foreign Ministry this week, after 21 years as a career diplomat and top aide to Shimon Peres. He is expected to be replaced by his deputy, Eitan Bentsur.

Savir, who bid farewell to ministry workers yesterday, is to join a Shinon Peres peace center which is to be established and affiliated with the Hebrew University. He is also expected to get involved in Labor Party politics before the next election, but for now he is entertaining offers from the private sector.

He calculated yesterday that he spent about 3,000 hours negotiating with the Palestinians, which began in May 1993 in Oslo, continued through the Gaza/Jericho First talks and culminated with the Oslo II accords.

Terje Larsen, the Norwegian academic who helped initiate the talks and has since become UN special coordinator in the territories, said of Savir, "I think there is no greater compliment to say about Uri than to say without him, the Oslo peace process could not have been possible."

Before departing yesterday, Savir had lunch with diplomatic correspondents and made the following observations:

"The Palestinian track is so vital that contacts must continue, often by security officials on both sides, on a 'minute-by-minute' basis. He voiced concern that if this did not occur, the peace process "while irreversible in terms of Israeli control over Palestinian lives, could still go backward."

He said great energy must be invested to find points of convergence with Arab interlocutors, as "there are always a thousand reasons why not to reach agreement. The key is to find the right reasons to do so."

"There needs to be greater appreciation by both Israelis and Palestinians about the importance of public opinion on each side, and can only stem from "greater curiosity" by the media of both sides about the other's society. The lack of curiosity ensures that each side has too little knowledge about the other, Savir said.

David Rudge adds: Tibi expressed astonishment last night at Savir's comments on Israeli Arabs.

"It appears that he [Savir] feels that he has successfully completed dealing with the peace process and there are no more dangers hovering over the process, and he found the spare time to launch a biting personal attack on me. I cannot accept or understand this."

"The statement of Mr. Savir that he is against the participation of Israeli Arabs in the peace process, in any form, is dangerous, racist and paternalistic," he said last night.



The cabinet discusses the government's economic plans yesterday, with Finance Minister Dan Meridor in the foreground, and Foreign Minister David Levy (left) and Prime Minister Benjamin Netanyahu in the background. Story, Page 8. (Flash '96)

Officials concerned over Turkey-Israel relations

DAVID MAKOVSKY

WHILE publicly voicing confidence, Israeli officials remain privately concerned about the impact that the ascension to the premiership of Islamic party leader Necmettin Erbakan will have upon burgeoning Turkish-Israeli ties.

In an Israel Radio interview yesterday, Ambassador to Turkey Zvi Elpeleg sounded sanguine about the unprecedented elevation of an Islamic leader, saying it will not affect the close bilateral relationship which in February was crowned by a military accord between the two countries.

Moreover, Elpeleg sought to encourage Israeli tourists to return to Turkey. Tourism levels are currently significantly below last year's high-water-mark of approximately 300,000 visitors.

In remarks made over the weekend, Erbakan charted a middle way between East and West in foreign policy, espoused free-market reforms and paid homage to modern Turkey's secularist founder, Ataturk. "Cooperation with both the West and with the Islamic, Central Asian and Balkan countries with which we have spiritual and historic links will be increased," Erbakan said at a presentation ceremony for his new cabinet.

In a reference to the recently signed military deal with Israel, Erbakan said he would abide by

previous international agreements, "but permission will not be given for implementations that are against national security and national interests." Before assuming power, Erbakan had called for cancelling the military agreement and also urged closer ties with Iran and Iraq.

Officials in Jerusalem say privately they expect internal consultations here to discuss the impact on the bilateral relationship. They say there is no way to know now whether Erbakan will seek to change either the content or tone of the ties.

Yet, officials in Jerusalem say, there are reasons not to be overly pessimistic about the ascension of Erbakan.

First, Erbakan's deputy and foreign minister will be the staunchly secular Tancu Ciller, who has been a proponent of close ties with Israel and visited here.

Second, while President Ezer Weizman created a stir in Turkey with his remarks that the powerful Turkish military will not allow ties with Israel to deteriorate, officials in Jerusalem believe the military in Turkey will indeed maintain a key role.

Moreover, under Turkish rules, armed forces are subordinate to President Suleyman Demirel, who also is known to be friendly to Israel.

Meanwhile Iranian Foreign Minister Ali Akbar Velayati said in remarks published yesterday that Iran will take all necessary measures to protect its security and will not let Turkey get away with a cross-border air raid.

Referring to the Turkish-Israeli pact, which allows each country to use the other's airspace for pilot training, Velayati said: "We have taken serious and decisive action to neutralize the potential danger coming from the Turkish-Israeli accord," Reuter reported.

Peretz fires opening shot in Histadrut-gov't battle

To meet Netanyahu, Meridor following today's warning strike

MICHAL YUDELMAN

SOME 400,000 workers are to hold a one-hour warning strike this morning to protest the anticipated economic measures to be taken by the new government.

The strike will encompass government ministries, local authorities, Kupat Holim Clalit, public transport, and government corporations, including the Israel Electric Corp., Bezeq, El Al, the Ports and Railways Authority, Israel Chemicals, Israel Aircraft Industries, TAAS-Israel Industries, and others.

In most workplaces the workers will hold protest meetings from 10 to 11. The banks will be closed from 8 to 9, and post offices will open only at 9. Workers at the National Insurance Institute announced that they will also not receive the public this afternoon, to protest the fact that since 1979 no new workers have been hired, and their workload has increased considerably.

Hospitals will operate with skeleton Shabbat staffs, and firefighters and Magen David Adom will handle only emergency cases. Disruptions are expected in train schedules.

The Histadrut called the strike as part of its fight against the government's plans for privatization that will probably lead to mass dismissals, and against possible cutbacks in social services, price hikes, and violation of workers' pension rights.

Despite Finance Minister Dan Meridor's promises not to harm the lower-income earners and not to raise taxes, Histadrut leaders said that the drastic cuts in health, education, and welfare budgets and a proposed 1 percent hike in VAT are tantamount to wage cuts and tax increases for salaried workers.

Histadrut Chairman MK Amir Peretz decided not to wait until the government actually moved on these issues, and fired the Histadrut's opening shot yesterday, with disruptions at Bezeq.

Peretz is scheduled to meet Meridor and Prime Minister Binyamin Netanyahu today, to discuss the proposed economic program.

"The Histadrut and its econo-

mists know as well as we do that if we don't take these measures the workers will be the first to be hurt," Meridor said. "We intend to take a course which will cause less damage and do more good."

Peretz, who decided on the warning strike with the large unions last week, said over the weekend that despite his requests that the Treasury coordinate its economic moves with the Histadrut, there were indications that the government was planning unilateral steps.

The Histadrut is demanding to be a partner to the economic program that will affect all the nation's workers, he stressed.

Some 200 union leaders representing some 50,000 civil service workers held an emergency meeting yesterday at Histadrut headquarters to coordinate the strike.

The private employers asked the Histadrut to cancel the strike in the business sector, since it would cause unnecessary damage. Peretz authorized local labor council secretaries to decide how the meetings in each workplace could be conducted so as to minimize disruption.

Arbel: Knesset shouldn't provide refuge against indictments

EVELYN GORDON

THE state should try again to get Shas MK Raphael Pinhasi's immunity lifted by the Knesset, State Attorney Edna Arbel said yesterday.

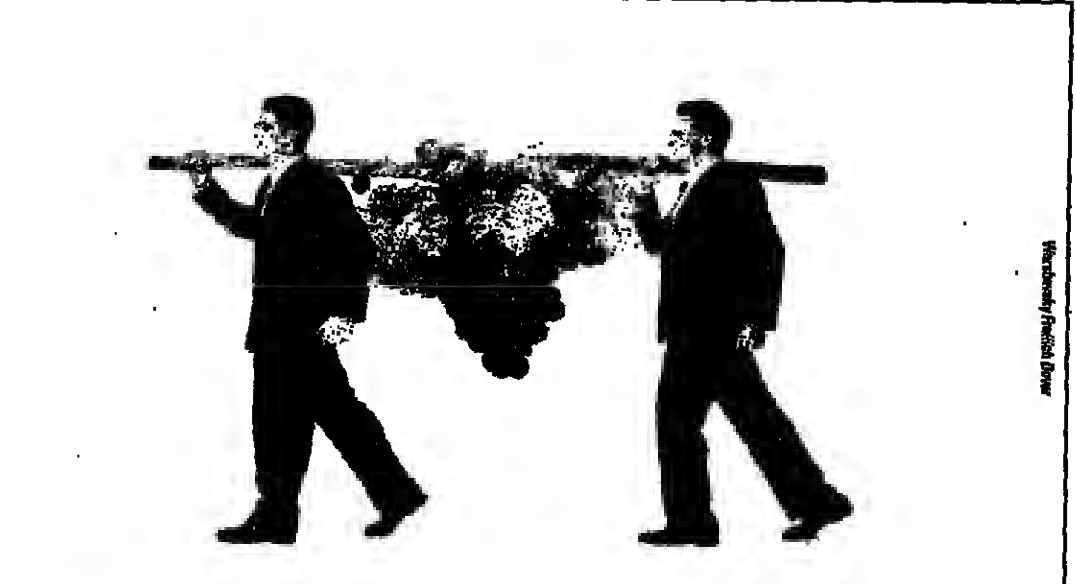
"We certainly don't think the Knesset should be a city of refuge for people with indictments pending against them," she said, in her first meeting with reporters since

taking office six months ago.

Then attorney-general Yosef Harish decided to indict Pinhasi in 1993 for tax fraud and violations of the Party Funding Law, because during Shas's 1988 election campaign he had allegedly illegally hired yeshiva students,

who are barred from working because they receive draft deferments. He then failed to report this to the tax authorities, and allegedly submitted a false set of books to the state comptroller. However, the Knesset refused to lift his immunity.

Now that there is a new (Continued on Page 2)



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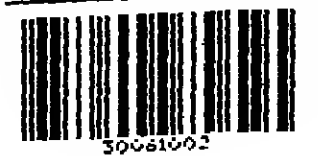
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Levy: PA activity in capital must stop

FOREIGN Minister David Levy yesterday demanded the Palestinian Authority stop what he called "governmental activity" in Jerusalem that violated the Oslo accords.

"The Palestinian Authority has not kept its commitments, that is to say, that there shall be no governmental activities on its behalf in Jerusalem and we will stand by this, that these activities stop," Levy told Israel Radio.

The radio said Prime Minister Benjamin Netanyahu would withdraw invitations to foreign dignitaries, including foreign ministers, who would insist on visiting Oriet House during visits here.

Bar-Ilan added that Netanyahu had formed a committee headed by Internal Security Minister Avigdor Kahalani that would look into the legal aspects of Oriet

News agencies

House activity

Kahalani said Israel would make clear to the Palestinians that diplomatic visits to Oriet House would be seen as a violation of the autonomy accord and would not be tolerated.

"What we are trying to do is enforce the law that bars Palestinian Authority activity in Jerusalem," he added. "The minute there are official visits at this site, the minute there is official activity under the title of the Palestinian Authority, we will have no choice but to close it down."

Kahalani added that police jeeps and roadblocks could be used to prevent diplomatic visits to Oriet House.

"We are not getting into here who can and who cannot, rather that the activity should not exist at all," Levy said. "We have no opposition to the building, only the activity inside."

Palestinian Minister of Higher Education Hanan Ashrawi denied that Oriet House acted as an office

of the Palestinian Authority.

"It's role is to reinforce the peace process," Ashrawi said, accusing Israel of trying to create a "dangerous" irreversible situation in Jerusalem.

Ashrawi also criticized Kahalani for saying that the new government did not intend to honor a letter Foreign Minister Shimon Peres wrote to Norway's late foreign minister Johan Jorgen Holst in 1994 guaranteeing that Israel would protect the status of PLO offices in Jerusalem.

Holst hosted the secret Israel-PLO talks that led to the first Oslo accord.

"If Israel wants to maintain its credibility, it should respect this letter. This letter was one of the reasons for our acceptance to postpone discussion of the status of Jerusalem," Ashrawi said.

Palestinian Justice Minister Freih Abu Medein told reporters in Gaza: "Our activities in Jerusalem are not only in Oriet House, they are everywhere... This is to provoke the Palestinians, and they, start already the battle for Jerusalem from today."



The new IDF Spokesman, Oded Ben-Ami, receives his new rank of brigadier-general from Chief of General Staff Lt.-Gen. Amnon Lipkin-Shahak (left) in Tel Aviv yesterday. Ben-Ami, 43, replaces Brig.-Gen. Amos Gilad, who will be moving to a senior post in the Intelligence Branch. Ben-Ami was previously Yitzhak Rabin's media adviser in the Defense Ministry, and before that was a reporter for Israel Radio and Army Radio. (Viri Lieberman/IDF Spokesman)

Hebron leaflet: Burn ground under occupiers

JON IMMANUEL

A LEAFLET distributed in Hebron yesterday called for "burning the ground under the feet of the occupier," a token of the frustration which is mounting with no clear sign that the IDF will redeploy soon.

About 30 Arab cars in downtown Hebron had their tires slashed during the night and although there were no eyewitnesses, Palestinians assume settlers did it to increase tension and reduce the chances of an IDF withdrawal.

Further south, the village of Samua was under curfew for the eighth day. The curfew was imposed after some hotheads set fire to a bulldozer during a protest over land expropriation for a bypass road. Military sources said the isolation of the village is necessary to prevent protests spreading to Hebron itself.

The call for an uprising came in a leaflet by a Fatah activist, who has been sidelined by the Palestinian Authority, but is popular in the street. Azmi Shuhli, 33, a merchant, called for "a day of burning the ground under the feet of the occupier" next Friday, specifically rock and fire-bomb throwing. He also called for a general strike the following Tuesday.

"We will start to organize our strike forces everywhere in the Hebron area. The Israeli leaders and [Prime Minister Benjamin] Netanyahu at their head will take responsibility for not withdrawing from Hebron," the leaflet said.

A previous leaflet called for classes last Friday. Shuhli's second leaflet was signed by "the Popular National Solidarity Committees."

The leaflets do not limit themselves to Hebron, but call for organizing for actions until a Palestinian state is established with its capital in Jerusalem.

Netanyahu has said he is studying the Hebron issue more carefully than any other single issue. Redeployment was delayed three months from December to find a way to secure the 450 settlers in the Jewish-populated quarter. It was delayed again after terrorist bombings originated in the Hebron area, and again after the defeat of the Labor government.

SLA soldier wounded in mortar attack

DAVID RUDGE

A SOUTH Lebanese Army soldier was lightly wounded in a mortar attack yesterday on the same position in the security zone which Hizbullah gunmen tried unsuccessfully to overrun on Saturday.

Reports from Lebanon said several mortars were fired at the Kawjabe outpost, in the north eastern sector of the zone, and at least one round directly hit the compound.

One of the SLA soldiers manning the post was lightly wounded. He was treated at the scene and later transferred to Marjayoun hospital.

Hizbullah was believed to have been responsible for the mortar attack which drew heavy return fire from IDF and SLA gunners.

Hizbullah gunmen on Saturday tried to storm the same position in one of the largest ground

assaults mounted by the organization in several years.

At the time, as many as 20 or 30 heavily-armed Hizbullah fighters, equipped with modern weapons and protective gear including new helmets and flak jackets, tried to temporarily capture the stronghold. They were beaten off by the 14 SLA soldiers manning the position who stayed in their posts despite heavy Hizbullah fire from mortars, anti-tank missiles and automatic rifles.

A Hizbullah video film of Saturday's attack showed the gunmen reaching the parking lot of the outpost, just 50 meters from the fortified ramparts. It also showed three of the attackers clambering to a forward observation post, throwing a grenade inside and trying to plant a

Hizbullah flag there.

The film, however, did not show how one of the attackers was killed and at least three others were wounded in the abortive assault. The body of the Hizbullah gunman was found near the ramparts after the battle.

Video films of Hizbullah attacks have become part of the organization's psychological warfare against the IDF, and the SLA in particular, alongside its ongoing military operations.

Also yesterday, a Lebanese shepherd was badly injured when he stepped over a mine planted in a field just outside the security zone, Reuter reported.

The report said Nimr Maallawi's leg was blown off when he stepped on the mine while herding his sheep north of Zimrayya, 500 meters from the eastern part of the zone.

Syria: Israel violates human rights in Golan

DAMASCUS (Reuters) - Syria has told a UN committee that Israel is carrying out "inhuman practices" against its people in the Golan Heights, official sources said yesterday.

They said the Syrian Foreign Ministry on Saturday told a UN committee that Israel was "demolishing the Arab identity of the Golan..." and imposing the Israeli nationality on the Syrian citizens.

Also yesterday, Syria urged the G-7 countries to put pressure on Prime Minister Benjamin Netanyahu to accept returning Arab lands for peace.

Official media welcomed a statement by world powers at the G-7 summit calling for a revival of Arab-Israeli peace negotiations as soon as possible and reaffirming that "land for peace" remained the basis for a settlement.

"This is a positive step...in the framework of expressing that peace in the Middle East is an international demand..." the ruling Baath party newspaper *al-Baath* said.

"Rich countries have enough...political and economic influence to turn their wishes into acts to implement UN resolutions. This is what is needed now if these countries really want to achieve peace in

the Middle East," it added.

In a statement to the committee, Syria said: "Israel has deprived Syrians of their basic means of freedom, tortured them in Israeli prisons and confiscated their lands under various pretexts, controlled the marketing of their crops and cut the waters off from their lands."

The committee, appointed to check on human rights violations in the territories, was told that Israel had "increased its oppressive measures" since the start of Arab-Israeli peace talks in 1991 in Madrid.

The three-member committee, visiting Syria as part of a regional tour to write their second 1996 report, presents two reports a year to the UN General Assembly.

Syria said there was "international anxiety at the continuation of the Israeli occupation of the Arab lands and the occupation authorities' inhuman practices in the occupied lands."

It urged the committee to include in its report the fact that Israel refuses to allow it to visit the territories, and called on the international community to force Israel to let it visit and see the "practices of the Israeli authorities."

Confrontation line communities want help from ministerial forum

DAVID RUDGE

THE Forum of Heads of Confrontation Line Communities in the North is urging the government to set up a special ministerial committee to deal with their problems and monitor implementation of an aid program promised by the previous government after Operation Grapes of Wrath.

"We have called for meetings as soon as possible with the prime minister and all the relevant ministers to start to deal immediately with all the problems relating to the region," said forum chairman Shlomo Buhbut, mayor of Ma'alot.

"We appreciate that this is a new government and we don't want to cause trouble. Nevertheless we are demanding the release of the money promised us - especially the NIS 37 million earmarked for constructing bomb shelters and equipping them."

Members of the forum held an extraordinary meeting in Nahariya on Friday to decide on their future course of action to ensure the promised aid program is carried out. It was suggested at the meeting

that proposed national infrastructure minister MK Ariel Sharon should head the special committee the forum is urging the government to establish.

"The matter of security and the money for the shelters is urgent because nobody can promise that Katyushas won't fall on confrontation line communities again, even next week," said Buhbut. "The situation in south Lebanon can change for the worse at any moment and send all the residents into the bomb shelters. We can't afford to put our trust in any understandings"

IAF gets new OC

MAJ.-GEN. Eitan Ben-Elihan takes over command of the air force today. He will replace Maj.-Gen. Herzl Bodinger who commanded the force for the past four years and will now retire. The ceremony will take place in the North at the base from where Bodinger flew his first sorties.

Jerusalem Post Staff

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BIRTHS
Birth: Dov and Roni Weisbraub, Petah Tikva, announce the birth, on Friday, Tammuz 11, 5756/June 29, 1996, of a son, brother to Uri, Herta, Shani, Mordechai and Yosef, grandson to Aharon and Esther Weisbraub-Terner, Petah Tikva, and Moshe and Barbara Kohn, Jerusalem.

ARRIVALS
Anti-Detonation League's National Leadership Mission to Israel led by David Straesser, National Chairman, and Abraham Fisman, National Director.

Our sincere condolences to our neighbour
Pamela Lovel and all the family
on the passing of her mother
GLADYS SABLE ז"ל
"Nayot", Jerusalem

The Minister of Health
The Directorate and Staff of the Ministry
offer sympathy to their colleague
Sam Sherwin
on the death of his wife
SONIA SHERWIN ז"ל
תנצ"ח

With deep sorrow, we announce the untimely death of my darling wife, our mother, sister and grandmother
SONIA SHERWIN
née Goldstein
The funeral will take place tomorrow, Tuesday, July 2, 1996 (15 Tammuz 5756) at 5 p.m. at the Kibbutz Nahshon cemetery.
We will meet at the parking lot next to the kibbutz dining room.
Deeply mourned by:
Her husband, Sam
Her sons and daughters-in-law, Daniel and Michal Raphael and Deganit
Her granddaughters, Lihl and Yarden
Her brother, David and Vera Goldstein and children
Her sister, Della and Charlie Montefiore and children
Shiva at the home of the deceased, 284/3 Rehov Meir Feinstein, East Talpit, Jerusalem, from Wednesday, July 3, 1996.

With great sorrow we announce the passing of
MARCIA K. LEVINE
(née Krevsky) of Jamaica, New York
Funeral today, 14 Tammuz 5756 (Monday, July 1) at about 5:30 p.m.
Har Hamenucho, Jerusalem
Deeply mourned by Dr. Raphael and Letha Levine (Englewood, N.J.), Ruth and Irwin Pechman (Belle Harbor, NY), Debbie and Judah Rosenzweig (Fresh Meadows, NY).
Details: 02-372723, 868222. Shiva in the United States.

ARBEL
"But there is someone whose job that is, and that's the attorney-general," she added.
Arbel also criticized the way the police conduct investigations. "We aren't always thrilled with the police's investigations," she said. "We're all sorry when an investigation doesn't exhaust itself."
At the same time, she added, the police faces objective difficulties, ranging from lack of manpower to cases, such as the Hishdrut investigation, where no independent evidence can be found to support the testimony of someone who has turned state's evidence, and therefore this testimony must be discounted.
Regarding the preliminary police inquiry into Justice Minister Ya'acov Ne'eman, Arbel said it is possible the police will question Ne'eman himself, but stressed that the inquiry is not yet complete. The inquiry relates to suspicions that Ne'eman tried to intimidate Martin Brown, a witness in the trial of Shas MK Aryeh Deri, four years ago.
Arbel said that Ne'eman's attack on the State Attorney's Office, which he said was dredging up the four-year-old incident because it did not want an observant Jew as justice minister, had caused "discomfort" in the office, adding she hopes things would smooth over.
"It's certainly a difficult period right now, because there are changes [in the ministry's top personnel], and changes always cause a certain amount of turbulence," she said. "But people who have been through similar changes here say it always seems

like an upheaval for the first few weeks, but afterwards things straighten out. I hope it will be that way."

When she spoke to Ne'eman about his statement, she added, he replied that it was made "only on my first day on the job," which, she said, made her hope his opinion would change once he gets to know the office better.

Arbel also said she can "certainly understand" Ne'eman's anger that her office, which has known about the alleged incident for four years, only decided to investigate it upon his appointment as minister. However, she said, it is standard practice when side issues arise in a major trial to ignore them until the relevant witness has testified, and it was pure chance that Brown testified the week Ne'eman was appointed.

On a different issue, Arbel said her office has still not decided whether to indict Margalit Har-Shefi, who was investigated on suspicion that she aided assassin Yigal Amir.

Arbel said one of her office's goals is to get stiffer penalties for sex offenders and spousal or parental abusers. About 40 percent of all appeals the state files relate to these crimes, she said, and most are accepted by the Supreme Court.

Another goal, she said, is to reduce the time it takes to bring a case to trial, both by speeding up the process in local district attorneys' offices, and by having these offices keep track of cases and ask the courts to advance the hearings for cases that have waited a long time, or that are particularly sensitive.

A woman in limbo: Breaking up is hard to do

WHEN filmmaker David Fisher set out to make a film about *agunot* — women who are unable to obtain a religious divorce — the last thing he expected was to be drawn into a web of politics, terrorism and international espionage.

But that's precisely what happened when he began his exploration of the story of Mazal Saei in the documentary *Buried Alive*, a film which will premiere at the Jerusalem Film Festival on July 8 at 6 p.m.

In Fisher's film we follow the desperate but determined efforts of Mazal, a stolid dark-haired middle-aged woman from Ramle who works as a housekeeper, as she tries to legally obtain a divorce from her husband Danny, who disappeared 20 years ago. The rabbinical establishment refuses to grant her a divorce without any knowledge of his fate. And, as the film makes clear, that information is impossible to

obtain.

"I had gone to the rabbinical court and asked them for their toughest *aguna* case — the one who had been waiting the most time for a divorce. They sent me to Mazal," recounts Fisher. "At first it was hard to persuade her to talk about the case."

Once they did speak, it became clear that there was far more of a story to be told than Mazal's fight for a religious divorce. Fisher's film, which took three years to complete, became as much an attempt to unravel the mystery of the fate of Danny Saei, as the story of his wife's struggle.

Danny Saei, an Iraqi immigrant to Israel, was one of the activists in the "Black Panthers" organization, which in the 1970s fought through political, and sometimes violent means — for the rights of those Jews who immigrated here from Middle Eastern countries. Saei was one of the organization's most extreme members and

his activities included contacts with anti-Israeli countries and groups in order to cooperate to bring down what he regarded as the hostile Ashkenazi government.

In 1975, Saei was accused of selling weaponry to terrorists in the territories, arrested, and briefly held in jail. Shortly afterwards, he left the country. In 1975 and 1976, he summoned Mazal twice to Europe, to live with him in exile in Spain and in France — if he went back to Israel, he told her, he would go to prison.

A traditional obedient wife, she asked few questions. Mazal knew that Danny had spent time in Iraq, that in Europe he was receiving money from the Iraqi government — and that he was being trailed by the Israeli intelligence.

It is as much a mystery to her as to anyone else whether he was a hostile agent for the Iraqis, or a

double agent. There is some evidence throughout this period that he may actually have been working for Israeli intelligence. If he hadn't had such connections, she asks, why was he allowed to leave the country in the first place? Or why didn't the Mossad kidnap him and bring him back to Israel?

Whatever the case, Danny told Mazal in 1976, that the only country in which he felt he could seek refuge was Iraq, and asked her to go with him there to start a new life. She refused to live in an Arab country, and left to rejoin her family in Israel. Danny stayed in Europe — his last known contact was with his brother in Germany — and then presumably headed for Iraq. He has not been heard from since.

In Fisher's film, we follow Mazal as she retraces the steps of the last months she spent with her husband in Europe, looking for

clues as she visits the house they shared as a young couple in Ramle, begs government officials for help, testifies at the Knesset, and repeatedly hits the stone wall of the rabbinic as they refuse to grant her a divorce.

"We also glimpse into her daily life, living in a tiny house with her aging parents, working daily in the home of an affluent attorney in Rishon LeZion.

"For me, Mazal represents all of the little people, the simple people, who must fight the big fight against an establishment far more big and powerful than she," Fisher says.

Unlike many *agunot*, she does not blame her husband and says she will always love him. She believes in his innocence, that the charge of selling weapons was a frame-up designed to pressure him.

It is clear to her, as it became to

Fisher, that the information on Saei's fate exists somewhere in Israel's defense establishment. But for reasons only they know, they will not reveal the information, leaving Mazal tied to a husband she will likely never see again.

"For 20 years, I have cleaned houses to survive, without children, without a home of my own, with no support," Mazal says emotionally in the film.

"The have ruined my life and my husband's life. They have chased me and I will never forgive them. The worst thing I could wish on them would be these 20 years I have been an *aguna*."

"And if any of them has a conscience, they will stand up and tell the truth. If the Israeli defense establishment killed him, they should tell me. All I want is to sleep in peace."

What is touching about Mazal is that although the rabbinic estab-

lishment has let her down, her faith remains strong. Fisher follows her to the tombs of righteous in the north where she prays for help. And it is her strong religious beliefs that prevented her from finding a partner or bearing children while still legally married to Danny.

"Mazal told me that even if she is angry at the rabbis, her faith is the only thing that gets her through. She told me that if she didn't believe in God, she would kill herself," said Fisher.

The filmmaker said that over the course of the three years of filming, while they found no conclusive information, they uncovered plenty of rumors about Danny Saei's fate, including testimony that a grave bearing his name exists in northern Iraq. How he died — whether at the hands of the Iraqis, by elements connected to Israel, or under other circumstances — will probably always remain a mystery," Fisher says.

Denzel: So noir and yet so far

FILM REVIEW
ADINA HOFFMAN

DEVIL IN A BLUE DRESS

Directed by Carl Franklin. Screenplay by Carl Franklin, based on the book by Walter Mosley. Hebrew title: *Ha'isha Shelavsha Kahol*. 101 minutes. English dialogue, Hebrew subtitles. Parental guidance strongly recommended.

Easy Rawlins — Denzel Washington
Dewitt Albright — Tom Sizemore
Daphne Monet — Jennifer Beals
Mouse — Don Cheadle

Based on a Walter Mosley mystery novel from 1990, *Devil in a Blue Dress* is set in Los Angeles in 1948 and stars Denzel Washington as Easy Rawlins, a black World War II vet who announces in a smooth Raymond Chandler monologue at the start of the film that he has just been fired from his job. He's got house payments to make and needs money badly, but he's not panicking: true to his name, Easy's temperament lets him saunter his way into any number of life-and-death situations and barely break a sweat.

Which is not to say that he's eager to get himself in trouble. When he's approached by a pug-faced white man called Albright (Tom Sizemore) who gives as his job description "doing favors for friends," Easy looks more than wary. But he agrees to take the simple-sounding assignment: the girlfriend of one of the candidates for mayor has vanished. According to Albright, she's hiding out in the black part of town, where Easy's supposed to find her.

Not surprisingly, the work soon sprouts thorns, as bodies start piling up and the woman herself, who goes by the appropriately impressionistic name of Daphne Monet (Jennifer Beals), calls Easy in the middle of the night and in a



Racial themes are quietly woven into an otherwise conventional detective story, as Denzel Washington is hired to find the vanished Jennifer Beals.

come-hither voice invites him to pay her a visit in her whites-only hotel room. The deeper he sinks into the mess, the more helpless Easy is to extricate himself, although one of the sly jokes of the film is that the worse his situation gets, the more money he stands to gain. People on every side of the sordid affair keep slipping Easy hills to do their bidding. He knowingly obliges them all.

Along with the familiar pleasures the movie offers at the level of whodunit (and what's it, actually, since the true nature of the crime doesn't become clear until the very end), Mosley and screenwriter/director Carl Franklin have

worked an inspired twist on the most standard of potboiler outlines. Film noir takes on a rich new set of meanings in the context of a black — literally a noir — hero.

In this kind of movie, innocent men are always getting themselves mixed up in trouble they don't quite understand, and the same is true of Easy, although his predicament seems less existential than it is social: he's a black man who was doing pretty well for himself until he got tangled in the white folk's problems. And the world-weariness that's essential to a noir hero gets a face-lift in *Devil* too. All things considered, Easy's a fairly upbeat guy.

His suspicions are part and parcel of his race. As a black man in a segregated society, he instinctively lowers the brim of his fedora when a squad car of white cops drives by.

Put in these simple terms, the movie might sound programmatic, but it's not. Franklin nimbly diffuses the racial themes throughout the film, refining them to a mist-like essence that pervades the action without slowing it down or rendering it didactic. If anything, what's so impressive about *Devil* is the way these undertones are used to heighten the suspense and propel the plot as we enter into Easy's frame of mind we genuinely don't know

which characters to trust and which to doubt. Racial wariness only adds to the tension.

For most of the film, Denzel Washington's Easy oozes an intriguing mixture of intensity and onchalance. Unlike seething or somber black actors such as Samuel L. Jackson, Laurence Fishburne and Morgan Freeman, Washington tends to work on a low wattage, projecting a square sort of respectability that makes him the ideal actor to represent black heroes (Malcolm X, Steve Biko) before general audiences. He's so clean-cut and straightforward it's hard to imagine him ever intentionally causing offense to whites, to say nothing of start-

ing a revolution. The harmless demeanor he consciously cultivates is also what sometimes makes him seem bland, though as Easy, it works to his advantage.

That is, it works until the final frames when Franklin decides to turn Easy into a role model, and black 1940s Los Angeles into a paradise lost. After all the caustic fun and gritty realism the picture has provided, it's a let-down to hear Easy mouthing platitudes about friendship and to see how Tak Fujimoto's formerly jazzy photography takes on a corny, ersatz-sepia glow.

Devil in a Blue Dress begins as a hard-boiled crime drama, but it ends sunny side up.

Kid stuff paid off for rising opera star

MICHAEL AJZENSTADT

WHEN he was five, Johan Botha shared the stage with two of the greatest tenors of all time. Well, sort of.

In the small South African town of Rustenburg, the little boy competed note for note with the voices of Enrico Caruso and Beniamino Gigli that were emerging from his father's gramophone. Even when his father tried to hiss him, young Johan stood firm, singing aria after aria. "One day I'll sing like them and then you can't stop me," he said.

That day has definitely arrived. Today, at 31, Botha sings Verdi and Puccini in the world's major opera houses. Next week he will perform in Tel Aviv.

Botha credits his meteoric rise to one person, Austrian agent Michael Levin. "We have dates and offers already for the years 2003-4." But, he says, in a phone interview from Berlin, "it's quite a scary business because one doesn't even know if you are going to still be alive — if the world will still exist — but that's how the business runs."

Botha lives with his South African wife Sonja in Vienna, where the two are expecting their first child.

Opera is not in robust condition in his native country. "The economy is suffering because of the sanctions, and so they haven't had enough money to produce and carry on with opera. I have heard rumors that some of the theaters will have to close down."

He's eagerly awaiting his Israeli debut. "For me it's really special. I'm a Christian believer and for every Christian in South Africa it's like a pilgrimage."

Botha will sing three concerts with the Israel Symphony Orchestra Rishon LeZion under Asher Fisch. On July 8 he stars in a gala concert singing the great tenor arias from the Italian repertoire. Then July 10 and 11 he joins the orchestraperforming arias from *Fidelio* and *Der Freischütz*. All concerts take place at the Tel Aviv Performing Arts Center.

Thai-German dancer feels right at home with Batsheva Company

DANCER Pim Boonprakob answers the phone with a confident "ker." It's a telling introduction to someone who, according to her friends, is already part and parcel of this country.

Pim — a classical Thai name which means making your dreams come true — was born in Germany to a Thai father, grew up between Bangkok and Germany, and has lived here for three years.

"It's hard with the Hebrew because in the company we speak English," she says. "But by now I understand more and I do feel at

home here. Actually I felt at home here the first time I came here five years ago. I felt really connected to the country and I knew I could live here."

For the last three years Pim, as everyone calls her, has been a member of Ohad Naharin's Batsheva Dance Company.

"The 27-year-old dancer asserts that working with Naharin is always "a collaboration. Certain things are not set by him but are set together with us; he gives us a lot of freedom to be as individual with our own movements. We are definitely not limited as dancers."

MICHAEL AJZENSTADT

"Ohad is very curious about things and is always open-minded, so each time it's different to work with him."

Pim came to Batsheva after a three-year spell with Canada's highly acrobatic La La Human Steps, one of the hottest dance companies in the world. "I had just finished working with a company in Holland and wanted to continue studying in New York, but a friend told me about the auditions so I tried out for La La. These were three very good years."

Yet she is reluctant to compare La La to Batsheva. "They are different companies and I don't like to compare anyway." That said, she adds that the "entire way of working with La La is more like a rock band tooting all the time, and being a rock company it's very different. I missed dancing, I couldn't handle this power, I missed the sensuality of things."

When performing here with La La she visited a friend in the Batsheva Company. "I was attracted to Israel and to Batsheva. So I wrote to Ohad and we met in Holland and worked for

a few days together but at the time there was no place in Batsheva. But then he tried to get me in and three years ago I joined them."

Pim is now working on Naharin's newest opus, *Yag*, which will be premiered this Saturday at the Suzanne Dellal Center in Tel Aviv. She enjoys the new work tremendously.

"It's a small production with just six dancers and I like it. I miss the others to work with but in this way it's more concentrated on the dancers and the movement. Yet throughout it's obvious that it is Ohad's work."

Kibbutz Chamber Orchestra gets ready to hit the road

HELEN KAYE

composer describes as a Pandemonium for chansouner (Solomon's wife, actress Nitzza Shaul) and orchestra.

That program in January also includes *Beethoven's go Handel* and, to settle everybody's nerves in the middle, Tchaikovsky's D major Violin Concerto played by Gilad Hildesheim.

Then there are the less frequently performed works by famous composers such as Saint-Saens *Christmas Oratorio* in December, all of Beethoven's *Egmont* music (not just the *overture*), and Weber's *Cello Concerto/Fantasy* next June, together with two premieres of Israeli music. These are

KCO resident composer Michael Wolpe's flute concerto (*May*) and *For Old Times' Sake* by 80-year-old composer Haya Arbel (*October*).

Soloists include Korean harpist Jung Kwak with flutist Ariel Zuckermann playing the Mozart K.299 Harp and Flute Concerto with Ostrovsky, Croatian hornist Radovan Vlatkovic playing R. Strauss's E flat major Horn Concerto in the same February concert with oboist Hila Zabari-Feleg playing Vaughan Williams's Oboe Concerto.

After a successful pilot project last year, the KCO is launching a new series of four chamber-ensemble programs so that "even the most financially strapped kib-

butz can afford music," said KCO general manager Aharon Kidron. The quartets, quintets, sextets and octets are drawn from the orchestra's 37 musicians and will be augmented for the second season, by Germany's Villa Musica players.

The KCO plays some 120 concerts yearly in kibbutzim, towns and villages all over the country, including 15 in Tel Aviv. Some NIS 3.2 million of its NIS 4.6m. budget comes equally from the kibbutz movement and the government. The rest is earned income and small grants. The 1,800 subscribers are expected to swell to 2,000 if the KCO creates its seventh concert venue as planned for Upper Galilee.

THE Kibbutz Chamber Orchestra probably puts more miles on its bus than the average driver on his truck. Just for starters, it is to play the first of its '96/97 season concerts in Megiddo on September 26 and end-nine days, five more concerts and several hundred kilometers later at Kibbutz Givat Brenner.

The concert is Mendelssohn's full *A Midsummer Night's Dream*, narrated by Nitzza Shaul, and Pergolesi's *Sabat Mater*, both sung by the Academy Choir and soloists from Tirana with KCO music director Doron Solomon on the podium. Established in 1970 by conductor Avi Ostrovsky, the KCO will

wind up its 25th anniversary year with its founder on the podium conducting a program of Shostakovich, Mozart and Mendelssohn.

A dab or three of adventure enlivens what is basically a "let's give the customers what they want" program created after audience surveys last season. The crowd-pleasers include large dollops of Beethoven, Mozart, and Brahms, but they're often teamed with an unusual or contemporary repertory.

These include works like Hindemith's jolly *We're Building a City*, the first of the KCO's three series of concerts for young people, or *Frankenstein*, by H.K. Gruber, which this contemporary

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HEAR IT IN ENGLISH!

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"[I] pays homage to the vineyards of peace and its rewards..." Hataratz

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Urgent reminder

If anyone needed a reminder of the gravity of Israel's macroeconomic situation, it came yesterday in the form of a Central Bureau of Statistics report that the current-account deficit has increased by yet another 25 percent over the first quarter this year, to \$1.5 billion. This deficit - the difference between exported and imported goods and services - comes on top of an already spectacular \$4.1b. current-account deficit for 1995, a projected \$1.7b. budget deficit for the first half of this year, and a monthly trade deficit which now averages around \$1b. Put simply, the country is spending more than it is earning and Bank of Israel Governor Jacob Frenkel's conclusion - that public spending must be trimmed - should be obvious to all. Prime Minister Binyamin Netanyahu was correct yesterday when he attacked the previous government's fiscal liberalism but he would do well to focus his efforts on the future, particularly on those of his ministers who intend to behave much like their predecessors.

Yesterday's much heralded cabinet discussion on the economy passed smoothly, but that was mainly because Finance Minister Dan Meridor refrained from detailing the budget cuts he intends to execute. In all likelihood, once they find out the extent to which their fiefdoms stand to be trimmed, the ministers will uphold this country's time-honored, politically profitable but economically destructive ritual of avoiding the budget ax.

This time, it must not happen - and not just because of the urgent need for budget cuts of some NIS 5b. The impending cabinet showdown over the budget may well emerge as a litmus test for the effectiveness of the new electoral system. If the directly-elected premier is unable to impose his fiscal will - and sheer economic logic - on his cabinet colleagues,

much of the rationale behind the controversial political reform will be dealt a severe blow.

An equally familiar and unjustified challenge awaits Netanyahu and Meridor from the Histadrut. The knee-jerk reflex with which union leaders have greeted the new government's privatization talk is reminiscent of the haste, tactlessness, and ignorance that produced last month's largely fruitless Cairo summit.

Employees of large companies like Bezeq, the Israel Electric Corporation or El Al should understand that they stand to be the biggest winners if their government-appointed, lethargic leaders are replaced by market-driven professionals.

Union leaders' vicious opposition to privatization is understandable, since it will ultimately end their careers as labor activists. Rank-and-file employees, however, should realize that the vast majority would survive the layoffs which their employers will be compelled to implement. Those who are fired will find a revitalized labor market, where reduced taxes and a revived stock exchange may create new opportunities, though these seem remote at present.

Moreover, privatization can be handled humanely, by both ensuring honorable compensation for redundant workers, and by offering all workers preferred shares in their company.

The new government is wisely trying to tackle the economy soon after assuming power. However, for it to be successful, the cabinet will have to couple its budgetary cuts with a detailed plan for the sale of state assets, including names of companies to be put on the block, sale methods and deadlines. This, coupled with fiscal discipline and ministerial humility, will not only lead us out of an imminent recession, but put an end to this economy's deep-seated, socialist tendencies.

Two to tango

US President Clinton took a positive step at the G7 summit this weekend when he once again asked the Arab world to give Prime Minister Binyamin Netanyahu's government time, before taking steps that would make progress in the peace process more difficult. Unfortunately, Israel's neighbors seem determined not to listen - the recent Syrian comparison of Netanyahu to Hitler being a case in point.

The official statement issued by the G7 and Russia at the end of the Lyon conference, however, underscored the worries of the US and the Arab world about the new government's commitment to redeploying in Hebron. Both the US and the Arabs have focused on the Hebron redeployment as a test of Netanyahu's intentions with regard to the negotiations with the Palestinians.

But the idea that Israel is solely responsible for maintaining the negotiations' momentum is blatantly unfair. To date, Israel's two major violations of the Oslo accords - the failure to redeploy in Hebron and the delay in establishing two "safe passage" routes from Gaza to Judea and Samaria - have been due to legitimate security concerns. The decision taken by the Labor government to delay the Hebron redeployment was due to the wave of suicide bombings earlier this year and the prolonged failure of Yasser Arafat to crack down on

Hamas and Islamic Jihad.

On the other hand, since the PA took control in Gaza and Jericho in May 1994, Palestinian violations of the Oslo accords have been systematic. The list includes the PA's refusal to extradite suspected terrorists to Israel; its staffing of the Palestinian Police with more policemen than had been agreed upon; the failure to change the Palestinian Covenant; the failure to promote the peace process the school system; and the maintaining of official PA institutions in Jerusalem.

True peace and security requires a commitment by all parties to respect agreements and honor them. Israelis voted for Netanyahu in part because they wanted to see Israel take a tougher stance both on Palestinian violations of the accords in general, and in the final agreement negotiations.

The maxim that "it takes two to tango" is more than applicable in the Israeli-Palestinian relationship. Netanyahu has made it clear in recent statements, and through last week's meeting between Arafat and top aide Dore Gold, that he will continue the process as long as both sides honor their obligations. A goodwill gesture by the PA - the extraditing of wanted terrorists, for example - would go a long way towards creating a positive atmosphere for the final-status negotiations that are to occupy both sides in the years to come.

LETTERS TO THE EDITOR

HONORING AGREEMENTS

Sir, - The new Turkish prime minister has, according to BBC Radio News on June 29, pledged his government's intention to honor international agreements entered into by his predecessor except where they run counter to the country's national interests. This, the BBC newsreader added, was aimed at the recently signed treaty with Israel, which has caused problems in the Arab world.

If it is internationally accepted that Mr. Erbakan may abrogate such agreements, as he regards them to be against Turkey's national interest, why is everybody pressuring Israel's prime minister to honor agreements like the withdrawal from Hebron and other parts of the Oslo accords which must be seen as highly damaging to Israel's national interests?
R. WILLERS
Middlesex, England.

FULL QUOTE

Sir, - Hilton Kramer in his article first published in *The New York Post* and reproduced by you in *Eye on the Media* of June 14, criticizes the famous *New York Times* foreign affairs columnist Thomas L. Friedman on his article dated June 2, analyzing the recent elections and titled "...and one man voted twice," because he wrote: "The bad guys won." Mr. Kramer failed to quote the continuation of this paragraph. What Mr. Friedman wrote was the following: "The bad guys won. No, I am not talking about those Israelis who voted for Bibi Netanyahu. They are entitled to their choice. I'm talking about the Jewish and Moslem extremists, whose actions during the last nine months transformed Israeli politics and made Mr. Netanyahu's victory possible."

paragraph and not fragments of it to accommodate your thoughts.
DR. DAVID LEDERMAN
Bat Yam.

The Jerusalem Post invites readers to send letters to the Editor, who will be pleased to consider them for publication. Letters which do not carry the writer's full name and address cannot be considered. A fax number alone is insufficient, as is an electronic mail address. A writer's identity will be withheld from publication if, in the Editor's view, this is warranted by special circumstances.

Please be brief. The Editor retains the right to shorten letters. Only a selection can be published and none individually acknowledged. Letters not accepted for publication will be returned only upon request and inclusion of a self-addressed stamped envelope.

UNBECOMING STATEMENTS

Sir, - Mr. Amir Peretz has made some statements lately that are not surprising but are nonetheless unbecoming. When asked why the Histadrut will take an aggressive line against the privatization plans of the new government while they let the Labor government off with token actions, Mr. Peretz told the interviewer that the Labor plans were mostly talk to keep up with fashion, while the Likud really means it. Is that what he thinks of his own party? In public? Mr. Peretz has also taken Mr. Avigdor Lieberman to task for forgetting that he is now merely a public servant, no longer a politician's aide. Has he never heard of Shimon Sheves?

ISRAEL PICKHOLTZ
Elazar, Gush Etzion.

SHARON'S DEMANDS

Sir, - Ariel Sharon welded together Herut, the Liberals, the Free Center and the State List into the Likud in September 1973. The concessions he extracted from all of them led one of his colleagues to declare "He raped four parties." Given the long list of powers he requests be added to the new Ministry of National Infrastructure, is Sharon now seeking to plunder as many ministries?

ANDREW M. ROSEMARIE
Jerusalem.



What is different now

CHARLES KRAUTHAMMER

PRESIDENT Clinton placed a big bet on the Israeli election and lost. The administration did everything short of stuffing ballot boxes to ensure that Shimon Peres would be re-elected. He wasn't. There will be time enough for recriminations, for heads to roll on the Clinton "peace team" for seriously misjudging the situation in Israel and so relentlessly promoting a peace process that had so badly failed the Israeli people.

But far now, with Prime Minister Netanyahu coming to Washington on July 9, the more urgent question is: What does the US do now? Should its policy toward Israel change in view of the election?

Warren Christopher hinted that it might when he averred that the administration "will have to adapt" US policy on Jewish settlements on the West Bank "to the current situation."

Christopher was, as usual, focusing on the tree and missing the forest. What American policy toward Israel needs is not a recalibration on West Bank settlements (the population of which, by the way, increased by 25,000 under Yitzhak Rabin and Shimon Peres) but a full reconceptualization.

The cornerstone of US policy over the last four years has been compensation: Israel gives up land - and with it material and military advantage - to the Arabs, and the US compensates Israel for the risk it undertakes. For example: If Israel gave up the Golan Heights to Syria, the US would send American peacekeepers there to shield Israel.

"If Israel is prepared to take risks for peace," declared President Clinton, "we are determined to do our best to reduce the risks and increase [its] security."

The most dramatic illustration of this America-as-compensator policy occurred when Palestinian terrorists killed 55 Israelis earlier this year. Clinton rushed in to bol-

ster Israel (and, of course, Peres) by staging a massive "summit of the peacemakers" photo-op for moral support, promising \$100m. in anti-terrorism funds, and, later, staging another signing ceremony promising Peres new ballistic-missile defenses.

It didn't work. It can't work. All these compensatory gestures altered nothing of the sense of

A new American peace policy must be built on reciprocity

fear and insecurity pervading Israeli society.

THERE IS no way the US can stop Palestinian terror bombings. Only the Palestinians can. And they haven't. That's why Peres lost. The Israeli election declared this: Israel gives. America compensates. America compensates. "peace process" an abject failure.

It's a failure not just because it can't work, but also because it sends a perverse message to the Arabs that nothing is expected of them: Israel will give and Uncle Sam will pick up the bill. Pick up the pieces now. What kind of "peace" have the Palestinians given in return for Gaza, six of the seven major West Bank towns, Israeli recognition and the first free election in Palestinian history? More Israeli civilians have been murdered since the handshake on the White House lawn than in any comparable period in Israel's history.

In his rush to the nirvana of his "New Middle East" Peres was willing to put up with this nonreciprocity. Netanyahu isn't. That is what was so deeply mis-

understood about the Israeli election. The key difference between Peres and Netanyahu wasn't about land-for-peace. It was about reciprocity. It was about whether the Palestinians really had to deliver the peace and security they promised in return for the real territory, real authority, real assets that Israel had already delivered.

The Oslo agreements are interim agreements. Interim agreements are meant to be gauged as they go along. Israelis had three years to gauge their land-for-peace deal with Arafat. They judged that for three years they gave land and got no peace. They declared at the ballot box that they would no longer go along. Unless the Palestinians reciprocate their obligations - and their primary obligation is to stop killing Jews - the "peace process" cannot continue.

What does that mean for the US? It means a way out of the false dilemma now being posed about harmonizing a Clinton peace policy and a Netanyahu peace policy. The obvious common ground is the principle of reciprocity. It is the cornerstone of Netanyahu's peace policy. It should be the cornerstone of Clinton's.

What possible disagreement can there be with the proposition that, as Israel makes dangerous concessions for peace, it is not America but the Arabs - the beneficiaries of these concessions - who must compensate Israel by providing the security, normalization and peace they have promised?

A new American peace policy must be built on reciprocity. America will no longer act as compensator. It will broker agreements, mediate them, bless them. But it doesn't pay the price. Each side has to do that. Or the process stops.

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And the peace camp slept

URI AVNERI

ON February 12, 1995, a handful of people stood across from the Prime Minister's Office and raised a large sign saying: "Rabin and Co. - you're burying the peace. You're going to lose the elections."

Not one paper reported the demonstration; not one TV station covered it. But its message was prophetic.

A dozen Peace Bloc activists had found time in the middle of a working day to come and sound a warning. They saw the writing on the wall. They sensed that the faltering momentum of the peace process might well doom its architects.

The oft-voiced opinion is that the left lost the election because it went too fast along the road to peace. But the very opposite is true.

I was in Jerusalem the day the Oslo agreement was signed in Washington. While euphoria prevailed in the eastern part of the city, the atmosphere in west Jerusalem was more restrained. Israelis were surprised by the pact. The great majority viewed it positively, but weren't truly convinced.

And, indeed, it would have taken a miracle to banish, with the stroke of a pen, the psychological legacy of 100 years of strife - the fears, the hate, the prejudices, the stereotypes, the moral superiority, the scorn for Arabs.

From the moment the Oslo accords were signed, the fate of the Labor party and its partners was inextricably linked to the success of the peace process. It was clear that the next elections would serve as a referendum on this. And to succeed, the Israeli public (and the Palestinians), had to be electrified. It was to be instilled with the steely faith that this turning-point would open the door to a flourishing and secure

turned out, ripe for disaster.

Rabin and Peres failed to comprehend that it isn't leaders or diplomats, and certainly not General Security Service heads, who make peace - it is the people.

We saw a historic opportunity lost. The momentum for peace dissipated in a thicket of petty conflicts with the Palestinians. The government exuded lack of confidence in its chosen direction. Instead of strengthening its negotiating partner, it humiliated it at every step. Palestinian prisoners were freed only gradually, and for a price. Settlement activity wasn't truly stopped. Israeli soldiers continued humiliating Palestinians at roadblocks.

The economic situation in the territories deteriorated, in no small measure because of Israel. Palestinian euphoria, which had held terrorism at bay for several months, evaporated, and Hamas regained its strength. New attacks shattered any hope for peace that remained. Extremists took to the street, calling Rabin a murderer and a traitor, without significant protest from the left.

It's been said that the attacks decided the elections. But how could several attacks, horrible as each one was, persuade the masses that the revolutionary peace process was a failure? It could only be that they never believed in the process to begin with. The old Israeli war mentality never metamorphosed into a peace mentality. It just went underground for a while.

Labor, Meretz and their partners were punished for three sins: Arrogance toward the Israeli public, close-mindedness toward the Palestinians, and cowardice toward peace.

The prevailing attitude in the peace camp was: "We can rely on Rabin. He'll do the work. We mustn't disturb him." A very comfortable approach - and, as it

The left erred in racing too fast along the road to peace? No, just the opposite

meeting of all the peace organizations in Israel. The whole spectrum attended: Labor members, youth movements, Peace Now, and smaller secular and religious peace groups. There was a sense of great excitement. It was decided to hold a giant joint rally, which proved an impressive success.

Not long afterwards Zviuli held another meeting in which he quietly disbanded the newborn "peace staff" - apparently on Rabin's orders.

From then on until Rabin's assassination nothing was done to win over the hearts and minds of the masses.

The PEACE camp simply went to sleep. Every now and then, as in the wake of the Hebron massacre, they woke up briefly. Here and there, minor activities took place. But the street remained in the hands of the right.

The writer heads the Peace Bloc.

Cold shoulder

JAY BUSHINSKY

THE post-Soviet heyday of unabashed Zionist activity in Russia is over.

Ostensibly because of official red tape, the Jewish Agency, which has been promoting and facilitating aliyah, cannot operate as before in the far-flung cities of President Yeltsin's Russian Federation.

Its permit to conduct educational, social and religious activities there expired two months ago, and is yet to be renewed.

Insiders here doubted renewal would be granted before the Russian presidential election's crucial second round this week and fear prospects are dim if Yeltsin loses. Pessimists suspect there will be no renewal even if Yeltsin wins.

The latest twist in this little-publicized saga was the impression gained by a group of Israeli emissaries sent to Moscow that the permit would be reinstated as soon as the second round is over and the new Russian government established. But who really knows?

It's hard to believe that an organization whose work is vital to Israel's long-term survival and whose substantial budget is covered by US Jewry through the United Jewish Appeal, Keren Hayesod, and other Diaspora funding could slip into limbo in almost-total media silence.

When Russian police raided an emigration seminar in Piatigorsk, the event was faxed to interested news media here. But Jerusalem's policy approach was: Play down the underlying problem - official hostility emanating from Moscow.

The problem can be traced to a new Russian law requiring all foreign institutions to register with the Russian government. There was immediate compliance by the Jewish Agency and a concomitant promise from Moscow's bureaucrats that the necessary authorization would be forthcoming within a month. Month's end coincided with the Russian presidential election, and the covered authorization was left hanging.

SOME analysts attribute the Russian cold shoulder to Foreign Minister Primakov's redirection of the Yeltsin government's diplomatic priorities away from Israel, toward Syria

and Iran. Others point to the ambivalent Russian attitude to Jewish emigration: widespread antisemitism on the one hand, on the other longstanding regret over the loss of highly-trained professionals and outstanding artists.

The fact that Primakov was snubbed by ex-prime minister Peres when he tried to secure a role for Russia in winding down Operation Grapes of Wrath, upstaged by US Secretary Christopher, did nothing to moderate the shrewd Russian's attitude to aliyah.

In terms of Israel's needs, the possibility that the reservoir of potential Jewish immigrants from Russia may be stanchied is devastating. It would eliminate the essential human input able to preserve this country's demographic status quo by offsetting the Arab population's consistently higher birth rate.

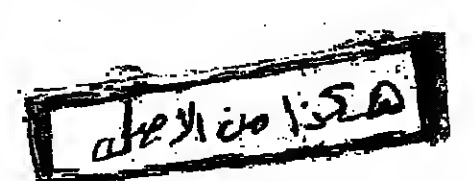
From the democratic standpoint alone, Russia should harbor no animosity toward Jewish citizens who believe they might be better off elsewhere. Free countries allow free emigration and organizations that facilitate it.

The agency's operations in the US, Canada, Britain and France proceed without interference. If post-Soviet Russia purports to be democratic, why should its officialdom interfere with agency personnel or objectives?

The UJA's - and Keren Hayesod's supporters do not expect their rain beneficiary, the Jewish Agency for Israel, to function in Russia without the Russian government's formal and explicit consent.

Having said that, there is ample moral and historical justification for the agency's presence in Russia. It might be a good idea to remind President Yeltsin, his newly-chosen political ally and erstwhile rival, Alexander Lebed, and their Communist opponent, Gennady Zyuganov, of this before it is too late.

The writer is with the Chicago-Sun Times.



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Desert Storms For Danger In the Mideast, Just Look Around

By JOHN KIFNER

JUST when Americans might have thought the Middle East was safe—at least for oil and Israel, the usual concerns—there was a sharp, ugly reminder last week of just how unstable the region really is: a huge truck bomb that took 19 American lives. Ironically enough, the explosion was in Dhahran, Saudi Arabia, which six years ago was the main base for the American-led gulf war that ended Iraq's invasion of Kuwait.

At the time, the war seemed part

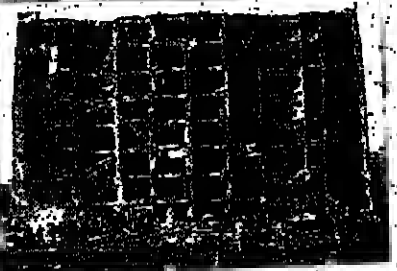
spired the most violent actions in the Middle East. A Cook's tour from Iraq to Algeria, from Turkey to Sudan, would show that militant Islam is the common thread (there is an echo in Israel, with the growing power of its nationalist Orthodoxy). To pure benefit add more mundane factors: poverty, frustration and a demographic time bomb. Throughout much of the region there is a dangerous population bulge of the young, the restless and the volatile. In Saudi Arabia, 58 percent of the population is under 24; in Egypt 57 percent, in Jordan 65 percent.

Afghan Legacy

Iraq is frequently pointed to as the principal sponsor of terrorism, but a more important threat may be the presence of veterans of the Afghan war—the ex-mujaheddin, or holy warriors, who were backed by the Central Intelligence Agency in one of the last struggles of the cold war. Saudi Arabia helped pay for that war and sent hundreds of fiery-eyed zealots from its puritanical Wahabi sect who, along with other Islamic volunteers, fought with the Afghans and now want to continue their struggle elsewhere. The men who bombed the World Trade Center in New York came from these ranks, as did four Saudis who set off a car bomb that killed five Americans in Riyadh last November. It is called "blowback" in the intelligence community. The four were beheaded last month, and the latest bombing is believed to have been in retribution, aimed not only at the "infidel" Americans but also at the Saudi royal family.

Appearances

So the tour of the region can start in Saudi Arabia itself, outwardly oil-rich and seemingly stable. Unlike America's previous best friend in the Persian Gulf, the Shah of Iran, who tried to secularize and modernize a deeply religious country, the Saudi royal family is deeply entwined with the ulama, the religious leadership. Islamic law is strictly enforced. Indeed, King Fahd's very legitimacy rests on his role as the Sheriff of Mecca, protector of Islam's holiest place. The dynasty's founder, Ibn Saud, seized this role with his desert warriors—the Ikhwān, or brotherhood, of fundamentalist Bedouin—



The site where 19 Americans died.

of a chain of events that would change the Middle East forever. The vital oil fields of Kuwait and Saudi Arabia, if not democracy, had been saved. And, in the way events in one part of the Middle East reverberate in another, the Palestine Liberation Organization, having thrown in with Iraq, wound up so weakened that it had to make peace with Israel, heralding a new era.

An Arab summit meeting was held in Cairo shortly after the Iraqi invasion and shattered the myth of Arab solidarity (memorably so in a food fight in which the Iraqi delegation hurled lunch at the spotless white robes of the Kuwaitis). It was a myth maintained by ritual gatherings and by fist-waving at Israel, with the illusions and diversions only crippling chances for change.

As last week began, Arab leaders gathered again in Cairo to resurrect the myth of Arab solidarity. In doing so, they papered over their sometimes lethal differences, as well as the threats many of the governments face from their own people. But it is those differences that continue to make the region so dangerous and unpredictable.

For centuries, religion has in-



Investigators report finding clues in the fragments of a truck that was detonated as a bomb in Saudi Arabia.

Continued on page 3

Kremlin Watching After it votes, can Russia carry off a succession?

By Alessandra Stanley



2

Twilight Zone As the sun sets on British Hong Kong.

Photographs by Jeffrey Aaronson



2

Kohl's Ride German Chancellor's European ambitions are undermined at home.

By Alan Cowell

3

Clintonspeak vs. Dolespeak

It's a War of Words (Say What?)

By FRANCIS X. CLINES

WASHINGTON

"I'm willing to be another Ronald Reagan, if that's what you want," Bob Dole declared in a speech a year ago as he began his long oratorical slog toward the Republican Presidential nomination. By now, of course, the listening national senses he should live so long.

For Mr. Dole's speechmaking, so often a crescendo of the taciturn and the tattered, is providing a new source of American collectibles. "Our best tomorrows are yet to be lived," he orated in his Senate address, brooking all dispute. Free of the Beltway yoke, he cut loose rhetorically a few days later in Louisville: "Everyone in this audience, whether you agree

with me or not, this is America." In announcing his resignation, Mr. Dole made speechifying news in finally following the lyrical paragraphs of a newly hired novelist-speechwriter. More often in the campaign, he stubbornly puts away his newfangled prompter machine and retreats to his patented Senate monologist's shorthand.

President Clinton, in contrast, is a politician who treats public speaking as one of his signature appetites, a hunger born of personal energy indulged across the executive day, from oratorical feast to sound-bite snack. No less an expert than Ronald Reagan's biographer, Edmund Morris, rates Mr. Clinton more Reaganesque oo stump or tube than the "leaden" Mr. Dole. "Reagan had this mysterious ability, which Theodore Roosevelt had, to make the

Continued on page 4

Verbal interregnum:
Microphones at ease as the President departed last week for a summit meeting in Lyons, France.



Amy Tueriang for The New York Times

The World

In Hong Kong, Last Looks at the Empire

It is giving up colonialism with some trepidation, but Hong Kong will say goodbye to the British a year from today. On July 1, 1997, it will come under China's jurisdiction. Under Beijing's instructions, the islanders must not only shed their Governor and legislature, but also some of their lesser British vestiges.

These are expected to include references to things royal; already, the Royal Hong Kong Jockey Club and the Royal Hong Kong Yacht Club have changed their names. But what of visual references? No one is sure when the statue of Queen Victoria will be carried out of Victoria Park, or whether the Communists will tolerate Hong Kong's few touristy rickshaws, which conjure class distinctions. The raunchiness in the Wanchai district will likely fade under Chinese anti-pornography edicts, but no one can be sure if the sun will set on the Club Hot Lips.

The transition is well under way, but some images of colonialism remain. Hong Kongers have 365 more days to behold them.



A guard at the Pillar Point camp for Vietnamese refugees, which is to close.



Photographs by JEFFREY AARONSON/Network Aspen, for The New York Times

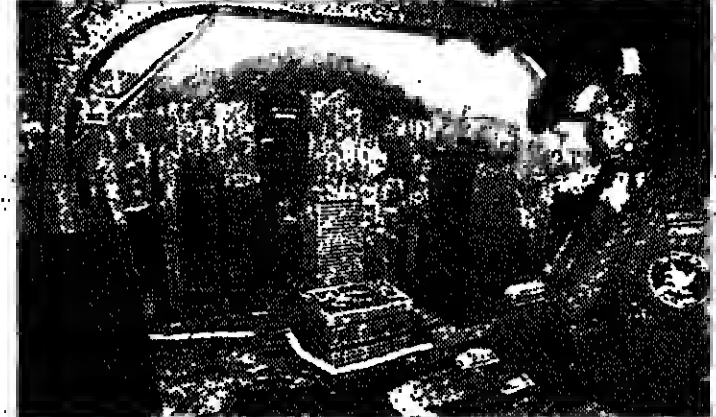
Rickshaws, taboo in China under Communism, have an uncertain future in Hong Kong after the 1997 takeover. This driver works out of the Star Ferry terminal.



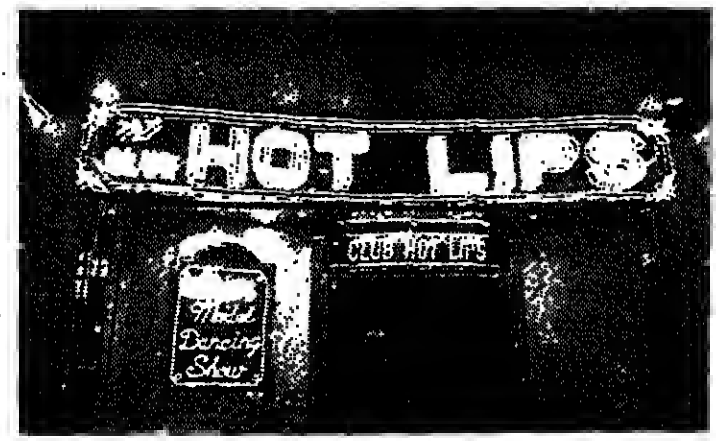
A statue of Queen Victoria, vestige of the Commonwealth that it is, will likely be removed from Victoria Park.



Gov. Christopher Patten, with Queen Elizabeth II over his shoulder, in the Governor's mansion.



Over Hong Kong's harbor, James Toms of the Royal Air Force. The British patrols will end next June 30.



Western-style lewdness, the kind advertised at this strip-tease club in the Wanchai district, will confront Chinese standards.

Russian Fears

After the Voting, Who Transfers Power?

By ALESSANDRA STANLEY

In the bad old days of Soviet rule, the mechanics of transferring power from one leader to another were relatively clear. When the leader died — or, like Khrushchev, was deposed — the Politburo would select his successor. No public swearing-ins or white-tie balls. The closest thing to a festive ceremony was a dead leader's funeral procession to Lenin's Mausoleum.

If Boris N. Yeltsin wins his bid for re-election to the runoff voting on Wednesday, questions about succession may arise only if he dies or is incapacitated early on in his second term. But what happens if the Communist leader, Gennadi A. Zyuganov, is elected in an upset? "I don't even want to think about it," Mikhail Krasnov, Mr. Yeltsin's chief Kremlin counsel, said with a shudder.

There simply are very few rules on succession, and reactions to this gap offer a glimpse at the uncertainty — in Russian minds, if not in fact — about just how committed each side is to government by the people.

The Communist leadership has been thinking obsessively about the transfer of power for the last six months. Arguing, with some cause, that the 1993 Russian Constitution is woefully inexplicit on the subject, Mr. Zyuganov's colleagues in the Duma, or parliament, drafted a 28-article law setting out new rules to insure a smooth transfer of the keys to the Kremlin.

Last week, Mr. Yeltsin refused to sign it.

The main sticking point is the seemingly antiseptic Article No. 9, which states that if the Kremlin is not available for the swearing-in ceremony, the president-elect can take the oath of office elsewhere.

That sliver of protocol cuts deep into the darkest fears of both sides, dredging up all the bad memories, mutual suspicion and paranoia that fuel Russia's first presidential election since the Soviet empire collapsed. With little in the last 1,000 years of history to allay anxieties, each side believes the other will not abide by the election results. Even though both sides calmly accepted the results of the first round of voting, which narrowed the field to Mr. Yeltsin and Mr. Zyuganov, they still accuse each other of seeking pretexts to bulldoze over the returns and seize power illegally.

1917 All Over Again?

Communists say they included the swearing-in provision because they fear that if the voting does not go as Mr. Yeltsin plans, he could hole up in the Kremlin and refuse to surrender the code to the nuclear button.

Mr. Yeltsin's team says this is a sneaky attempt to lay the groundwork for Mr. Zyuganov to denounce the results as fraudulent and declare himself president in a Red Belt area outside Moscow, like Tambov, a Communist-run town that has already raised the red flag over the main city government office and gave it back its old Communist name, the city soviet, or council.

"We can't help treating the law as a lever to establish diarchy," said Mr. Krasnov. "Every possibility

to avoid diarchy has to be used."

By calling it "diarchy" Mr. Krasnov was using a relatively mild term to describe his boss's worst nightmare: a 1996 replay of the "Dvoyevlastiye" (dual-rule), the period in 1917 when a provisional government led by

The laws don't spell out a ceremony, and an effort to do so has Yeltsin crying foul.

Aleksandr Kerensky ruled in the Winter Palace in St. Petersburg while the Bolsheviks, headquartered in that city's Smolny Institute, declared themselves the rulers of thousands of soviets around the land. In October, the Bolsheviks resolved the impasse with a coup that gave Lenin full control.

Mr. Zyuganov says he is offended at the very suggestion and insists that the law was really drafted to insure Mr. Yeltsin a happy and safe retirement. "We are only interested in the strict observance of the law," he said recently. "We want to put an end to spitting to the back of every outgoing personality."

Still, even in their most far-reaching fantasies, few in Russia can quite envision a scene in which Mr. Yeltsin loses and moving vans drive through Spassky gate, the

President hits the golf course, and thousands of aides pile their papers into cardboard boxes and start seeking jobs in the private sector. One reason is that Mr. Yeltsin has never said he would go quietly.

In any event, there is a very good chance the law will never see the light of day in time to be of any use to Mr. Zyuganov. If Mr. Yeltsin loses, his successor takes over 30 days after the results have been certified. And when the Duma convenes again on Friday, two days after the voting, Mr. Yeltsin's aides will send the bill back to the parliament with suggested fixes to Article 9.

Details, Details

To supplement the 30-day provision in election law, the only guidance on succession provided by the Constitution is Article 82, which specifies the wording of the swearing-in oath, and states that the ceremony take place "in a solemn atmosphere in the presence of members of the federation council, deputies of the state Duma, and judges of the Constitutional Court."

The process of passing a new bill to amplify on those instructions is a race against time and procedure, and Mr. Yeltsin can also veto it. So the bill's authors seem resigned to never seeing their handiwork come to life. "For me, it doesn't matter," Oleg G. Romyantsev said sourly. "Yeltsin's going to be re-elected." Mr. Romyantsev is a consultant to the parliamentary committee on legislation and legal reform. "The President will do what he wants," he said. "For me this whole process has been an 'haute couture' exercise. It's purely an art form."

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The World

Kohl's Ride Astride History Gets Rough

By ALAN COWELL

TWO snapshots from the Helmut Kohl album: One from last week shows the Chancellor at Berlin's Brandenburg Gate, symbol of so much European pain and regeneration, where the visiting Pope John Paul II is lauding him as "the architect of the newly gained unity of your people" — just the kind of epithet a politician seeking history's benediction might crave.

But a scene days before provides not quite the same grist for posterity. Before 300,000 German labor unionists in Bonn, Dieter Schulte, Germany's top labor boss, rails at the sweeping new spending cuts that Mr. Kohl calls the essential price of European integration and security. "I ask Helmut Kohl," he says, "do you want to go down in history as the Chancellor of the unification of Germany and of Europe or as Chancellor of the highest unemployment in German history?"

The two moments illustrate the extremes of acclaim and denunciation now marking the tenure of the industrialized world's most durable leader.

At 66, Mr. Kohl is the first Chancellor since Prince Otto von Bismarck to oversee Germany's unification. In world forums like the summit meeting of the Group of Seven powers in Lyons, France, this weekend, he is the ultimate veteran, his stay in office overlapping three American presidencies, equalling François Mitterrand's 14 years and outlasting the 11 years of Margaret Thatcher's dominance in Britain.

By the end of this year, barring the unexpected, Mr. Kohl will rank as Germany's longest-serving postwar Chancellor, surpassing Konrad Adenauer's marathon tenure from 1949 to 1963. And if his ambitions translate into reality, he will be the first German leader ever to stitch his land so firmly into Europe's fabric that it will never be able to repeat the belligerence that has scarred world history.

Herr Consensus?

But there's the rub. Midway through his fourth term in office, Mr. Kohl's ambitions are being undermined not only by other Europeans' fear of German economic and political dominance, but also the pocketbook opposition of his own people. That tension leaves the latter days of Mr. Kohl's chancellorship fraught with risk.

Prodded by strict European rules meant to insure that a united continent stands on secure economic foundations, Mr. Kohl has begun dismantling Germany's welfare state, and in the process imperiled the cozy consensus that has defined not just postwar Germany but also Mr. Kohl's entire political style.

On his watch, much of Germany's postwar history and assumptions have caught up with it. Germany's vaunted welfare state is becoming ever more burdensome; unification in 1990, far from the tax-free tryst that Mr. Kohl first suggested, has turned into a long, slow trudge that has cost reformed taxpayers \$300 billion.

All of this threatens to turn Mr. Kohl, the lauded visionary into Mr. Kohl, the man who must persuade his countrymen to work longer hours for less if the land is to confront a world of competition and compete in a worldwide market as the dynamo of a united Europe.

Forty years ago, the challenge might have been easier. But gritty industriousness has long given way to the 35-hour week and copious benefits of a leisured, aging society shielded from pain by Germany's hallmark social compact between labor, business and government. In 1990, unification was a popular idea. Six years on, paying the price is not.

So is Mr. Kohl up to the job of creating a newer, leaner Germany without shattering the consensus? The



A billboard in Lyons, France, last week welcomed Chancellor Helmut Kohl of Germany to the summit meeting there. Germans seem less thrilled by him lately.

answer hinges on style as much as substance.

No hands-on economist, Mr. Kohl is probably most comfortable playing the statesman and arbiter on the big issues — what Germans call "Chefsachen," matters for the boss — deviously leaving others, notably Foreign Minister Klaus Kinkel, to sweep up after messier affairs like Germany's current calamitous slide into hostile relations with China.

Europe is one such big issue, and integration, Mr. Kohl insists, is an unbridgeable chasm. It is a matter of "war or peace in the 21st century," an implicit recognition of Europe's tribal dynamics, in which Germany has always been an object of justified fear among its neighbors.

A Provincial Visionary

Mr. Kohl is a politician who won out partly because his electoral opponents are so feeble and partly because he has such instinctive guile, drawing strength almost casually from the bluff, what-you-see-is-what-you-get manner that plays so well to his conservative compar-

ots' aversion to the unknown.

His suits are predictably dark. His humor is predictably clunky. ("At political meetings," he told an audience recently, "the speeches should be short and the sausages should be long.") His manner is predictably dour until he breaks into his predictable beam. And the people who reject him do so because they know exactly where German unpredictability has led in the past.

These days, though, Mr. Kohl is asking his followers to take a leap into the unknown, embracing the sacrifices of a post-industrial society driven by global market forces.

Politically, he is safe enough. National elections are two years away. Important state elections earlier this year delivered space to maneuver. Yet instinctively Chancellor Kohl is not one to thrive on drama and public confrontation in the operatic manner of, say, his Italian counterparts. He is a provincial politician who transcended his beginnings without forgetting them, a man who tends his party machine assiduously, favoring back rooms and strategic telephone calls to bully and outsmart his adversaries.

Sweeping gestures, such as his towering command of German reunification, are all the more striking because of their rarity. And there are vulnerabilities. Mr. Kohl's coalition with the Christian Social Union and the Free Democrats has only a 10-seat majority in the lower house while, for all their problems, the Social Democrats control the veto-wielding upper house.

The Dogs Are Barking

So there is a further quandary: Mr. Kohl's instinct habitually counsels caution, but deadlines like the creation of a common European currency by 1999, not to mention Germany's own economic slide, demand faster footwork than the stately pace with which he traversed the Brandenburg Gate.

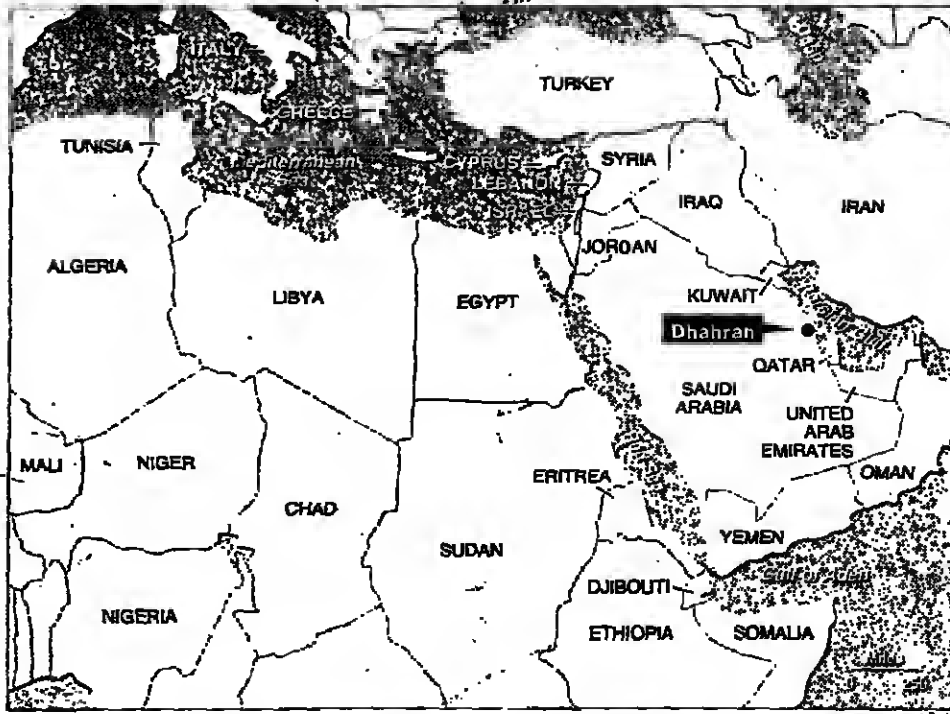
The Chancellor still maintains that the minutiae of the daily political tussle with his opponents will not blur the grand vision — the dogs bark, he says, but the caravan moves on. This time, the weekly *Die Woche* replied, "the proverbial caravan cannot and will not move on as if nothing has happened."

An Unsettling Cook's Tour

For Danger in the Mideast, Just Look Around



The Arab summit meeting in Cairo last week was called to show Arab unity. Yasir Arafat, center, is shown at the closing session.



Continued From Page 1

from the Hashemite family in 1924, charging that they had failed to protect pilgrims and enjoyed a corrupt monopoly on the sale of dried lizards, which are used as a tonic.

But, particularly since American troops arrived to defend the kingdom five years ago and were allowed to stay on, the Government's policy of juggling friendship with the West and fundamentalism at home has come under growing attack. Senior religious scholars have posed a series of open challenges, amid widespread accusations of corruption and, worse, decadence. The criticism has grown as the oil boom that supported a safety net of free education, easy jobs and cheap housing collapsed and the country had to absorb \$120 billion in war costs. The Government itself is in disarray since King Fahd suffered a stroke in No-

vember, with power now apparently centered in Crown Prince Abdullah.

America's other main supporter in the Arab world is Egypt's President, Hosni Mubarak. Under him, Egypt remains perpetually in ruins and a breeding ground for fundamentalism. Its attempts to industrialize are a shambles, its Government bureaucracy legendary for sloth and inefficiency. Its schools spew out the poorly educated into a nonexistent job market and its tiny strip of farmland along the Nile is being gobbled up into jerry-built urban slums that sometimes collapse into the sewage on which they are built. Its Islamic fundamentalists periodically shoot up tourists, the police, Coptic Christians or Government officials and are shot up in return.

Next door to Saudi Arabia, Jordan has joined Egypt as a leading backer — and hopeful beneficiary — of the peace with

Religious zeal, poverty and frustration are common threads.

Israel. Six years ago, Saddam Hussein was on posters all over Amman and King Hussein had taken to calling himself the Sherif, the title his family lost to the Saudis (in the Middle East alliances can shift like the proverbial sands). But the King's embrace of Israeli officials and his grief at the funeral of Yitzhak Rabin, the assassinated Israeli Prime Minister, have cost him badly at home. "We are very unhappy with the King," a money changer volunteered to a

foreign reporter recently, in an open display that would have been unthinkable in the tightly controlled kingdom of a few years ago. There has even been rioting among the Bedouin, traditionally the King's base of support in a population that is largely Palestinian. Government officials worry, too, about a growing social disparity, with a tiny rich elite living in enormous new mansions surrounded by increasing poverty. The King has accused Syria of smuggling in terrorists to cause trouble, and last week Palestinian guerrillas, apparently coming from Syria, sneaked over the Jordan River and killed three Israeli soldiers.

In Israel, the peace process with the Palestinians has been on hold since the election of Benjamin Netanyahu as Prime Minister. Settlers and the religious right are elated and plan new settlements. Palestinians are frustrated at being kept from jobs in Israel and resentful of the high-handed leaders who

with the peace have returned from their headquarters in Tunis.

Keep traveling and it doesn't get much better. Syria and Iraq remain gangster states, each ruthlessly ruled by a small clique from a religious minority — Alawites in Damascus, Sunnis from the village of Tikrit in Baghdad. In Algeria the military dictatorship that replaced failed socialism is battling Islamic revolutionaries who murder foreigners and liberals. Turkey, where Kemal Ataturk introduced secularism after World War I, is getting an Islamic fundamentalist Prime Minister (though in coalition with secularists). By the way, Turkey is also suppressing a Kurdish insurgency in its southeast. The Kurds have been hiding and training in Syria, and the Turks got so fed up, intelligence officials say, that they recently set off a big bomb in Damascus — one more reason to be wary of rosy forecasts for the Middle East.

Ideas & Trends

Make Crime Pay: Get the Goods

By DON VAN NATTA Jr.

THE spoils of the war on crime come in all shapes and sizes.

They are as big as Pablo Escobar's 407-acre ranch in White Fish, Mont., which the Government seized in 1990 and sold to the highest bidder Friday. And they are as small as a (computer) mouse, which Federal prosecutors took from a housewife who had run a telemarketing scam from her kitchen tabletop.

The Government has also seized paintings of Saddam Hussein, jars of Dead Sea mud, coffins and gravestones, porpoises and exotic birds, even the mansion where Axel Foley stayed in "Beverly Hills Cop II."

Whatever its notoriety, the value of the stuff adds up. Since 1990, Federal agencies have seized \$2.7 billion worth of cash, stocks, homes, cars, boats and airplanes from drug kingpins, money launderers and white-collar criminals. Yet this year, the forfeitures have slowed to a trickle — just \$325 million is projected in 1996, \$215 million below 1994's total.

The reason is simple: courts around the country have eroded the asset forfeiture laws. Two Federal appeals courts concluded that seizing property in civil proceedings and carrying out a criminal prosecution at the same time violates the constitutional bar against multiple punishments for the same crime.

'Nonpunitive Goals'

Last week, however, the United States Supreme Court ruled that the practice does not amount to double jeopardy. Civil forfeiture is simply not a form of punishment, Chief Justice William H. Rehnquist concluded in the majority opinion. Acknowledging that forfeiture has "certain punitive aspects," the Chief Justice said it also served "important nonpunitive goals," like discouraging property owners from allowing

their land to be used for criminal purposes.

"The ruling was enormously important," said Stefan D. Cassella, deputy chief of the Justice Department's asset forfeiture and money laundering section. "Until this decision, we were hamstrung. We were forced to choose between the forfeiture or the prosecution. If we could only do one, we would obviously do the prosecution."

The Court's decision flabbergasted defense lawyers, who had lauded its recent decisions that chipped away at asset forfeiture and rebuked prosecutors for leveling "excessive fines," which are prohibited by the Eighth Amendment. Richard J. Troberman, a Seattle lawyer who is a

The Court gives its blessing to asset forfeiture laws.

leading opponent of asset forfeiture, called the decision "the most disappointing from this Court in a very long time."

In one of two cases that led to the Court's decision, a Michigan man forfeited his house because he had processed marijuana there. The lone dissenter, Justice John Paul Stevens, said the forfeiture was clearly punitive because "there is no evidence that the house had been purchased with the proceeds of unlawful activity, and the house itself was surely not contraband."

Some form of asset forfeiture has been around since Biblical times. In the 18th century, America seized pirate ships to take away the plundering gangs' ability to plunder. Arlington National Cemetery sits on what was once an estate owned by Robert E. Lee, who forfeited it to the Govern-

ment after the Civil War.

Defense lawyers accuse prosecutors of going on "treasure hunts," saying there is a fundamental conflict when the Government prosecutes crime and benefits from its proceeds. (Those proceeds pay administrative costs and restitution to victims, and the remainder is split with local law enforcement agencies.) It is also easier than winning criminal convictions, they argue, which require a higher standard of proof. Prosecutors counter that the defense bar is zealous in its opposition because the assets seized would otherwise end up in lawyers' pockets as legal fees.

To make its point about Government overreaching, the National Association of Criminal Defense Lawyers has collected examples. One is the case of an elderly couple in North Miami Beach, Fla., arrested for holding a poker game with friends and family. The Government, the defense lawyers note, seized the couple's home.

The defense lawyers' tale ends there, but then the prosecution's story starts.

"This was not some dime-a-dozen poker game for fun," snapped Ellen Zimiles, an Assistant United States Attorney in the Southern District of New York. "It turns out the guy was running a long-time gambling operation. The house was a gambling den. These were not sympathetic characters. He was referred to as 'the Count.'"

The Rolex, Please

Prosecutors have their own stories. In one, a judge in Alaska tossed out a multi-kilo cocaine-trafficking indictment because the Government had seized the defendant's Rolex watch, which he had presumably used drug profits to buy. Double jeopardy, the judge said. The Government lost a shot at an important conviction, prosecutors argue incredulously, and the Rolex was a consolation prize. Some prosecutors omit the kicker, however: the ruling was overturned on appeal. So the Rolex, it turns out, was a bonus.

A War of Words (Say What?)

Continued From Page 1

most banal scripts somehow seem magical," notes Mr. Morris. "I simply cannot explain the mystery behind that."

Dole partisans argue their man's unvarnished sentences and drifting whatevers are the stuff that made Dwight D. Eisenhower irresistible to the voters: a kind of syntactical carapace within which Mr. Dole will lumber toward a tortoise versus hare victory over Mr. Clinton. Mr. Dole provides such a contrast to the talkatively gifted President that Republicans insist their man will finally prevail as "the un-Clinton," the reassuring politician of oak-solid yeps and nopes. They are hoping for a voters' verdict first prescribed by Cicero: "I prefer tongue-tied knowledge to ignorant loquacity."

Not Yet High Noon

This is the choice imagined by Tony Dolan, who served as President Reagan's chief speechwriter. He contends, even putting scandals aside, that Mr. Clinton is slowly amassing public doubt, not confidence, as he puts so many rhetorical bets down on so many different ideas each day. "Remember Gary Cooper?" Mr. Dolan asks, citing the monosyllabic movie actor as a tight-lipped spell-binder, a role model for Mr. Dole. The film star "would testify at those hearings and he'd say, 'Well, from what I hear about Communism... I don't like it... because... it isn't... on the level.'" Mr. Dolan recites the line as clipped and confident as Mr. Dole made himself sound in predicting how he'd contain the Republicans' endless fighting over abortion: "Piece of cake."

Between the Reagan and Eisenhower models, the lesson is clear that a good speech, if it can't be electrifying, must at least not be stultifying and, above all, must be revealing of the speaker's human identity. "People say, 'You're going to make me sound like Reagan?'" notes Mr. Dolan, now a speech consultant. "And I say, 'I'll do better than that. I'll make you sound like you.'"

Dole partisans are betting this is a matter of small, steady revelation, not the clarion declamation envisioned by Walt Whitman. ("To mark the people rage, weep, hate, desire, with yourself, / To lead America — to quell America with a great tongue.") In running against the odds in 1948, President Harry Truman finally managed to get his tart wit across to appreciative voters. ("If you want a friend in Washington, buy a dog.") But his opponent, Thomas E. Dewey, sitting on his poll leads, never flashed much individuality. At least not until after the upset, when he eschewed the good loser's posture and likened himself to a man suddenly finding himself inside a coffin with a lily in his hand. ("If I'm alive, what am I doing here? And if I'm dead, why do I have to go to the bathroom?")

Mr. Dole has more than four months to accustom voters to his stream-of-consciousness salvos on the stump in which he virtually brahicates from topic to topic, fast as Henry Youngman. In one recent slew

of segues, he tripped from his wife to health care to a satirical White House blood bank to keeping the next First Lady away from governing, to purloined F.B.I. files, to his schauzauer named Leader. "We'll get into that later," he suddenly concluded. "Animal rights or something of that kind." Whether voters could track his fast-forward criticism of the Clintons, from First Lady controversies to political correctness, is an open question. Some news professionals actually worry that quoting the candidate verbatim, rather than filling in the blanks of his whatevers, makes reporters seem anti-Dole.

"Dole impresses me as a 19th century patriotic picnic speaker," says Peter Quinn, a corporate speechwriter who wrote for Gov. Mario Cuomo of New York, the Democrats' baritone hope of yore. Mr. Quinn finds a Dole speech sepia-tinged with the dearth of simpler times. "He was probably great at picnics in Kansas in the 50's when he started. And Clinton? He's more like jazz: he lays down a line and then he plays it."

President Clinton was never jazzier than the night when the prompter machine that was invisibly scrolling his State of the Union message stopped dead between him and the watching nation. This was a problem due in part to Mr. Clinton's penchant for tinkering with texts and ideas to within minutes of delivery. But that night he seamlessly improvised a long stretch until the scroll resumed, never missing a beat.

More easily than Mr. Dole, the President fine-tunes mood and twang to his audience, most obviously in his down-home speeches in the South where he exults in "talkin'" with the folks, and "huntin'" for ducks flying "so thick you can hardly see the sky." But Mr. Clinton's sax-like searching for the perfect riff can also lead him astray, most famously one late night in Texas when he eased into a bluesy apology for his 1993 tax increase. Republicans are orchestrating this impromptu passage into their campaign to oust him.

Mummy Love

If the President has a speaking weakness — it may be a willingness to chase intriguing tangents. "I don't know if you've seen that mummy," he lightly ad-libbed at a political dinner last month after a speaker praised a museum show of the wondrously preserved "Ice Maiden," a teen-age virgin sacrificed centuries ago. "You know, if I were a single man, I might ask that mummy out. That's a good-looking mummy." His audience roared, sensing self-parody as he smiled broadly.

Mr. Clinton may pay the ultimate compliment to Mr. Dole's speech-making, however, by sending a campaign operative lately to monitor the Republican's speeches live. The interloper can be seen holding a cell phone on high to pipe the challenger's every strophe and glyph back to the Clinton campaign's now famous rapid-response team.

Somewhere, Democratic trackers listen tightly from the seat of power, code breakers trying to parse each spoken whit of Bob Dole's whatever.

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It Takes a Nixon ...

By FRANCIS X. CLINES

THESE are days when, contrary to legend, Bob Woodward seems Richard Nixon's ultimate revenge on the capital city that drove him into exile. Mr. Woodward, the investigative reporter who teamed brilliantly with Carl Bernstein at The Washington Post in detailing the abuses of the Watergate felons, has ever since specialized in megabook writings that hardly arrive in town on little cats' feet.

Rather, Mr. Woodward's latest oeuvre typically is timed to thunder lucratively for days from the front pages of The Post, where he is now a ranking editor. Attention must be paid as the excerpts emerge of his fly-on-the-wall disclosures about the city's rich political menagerie. Uncanny details of some pol's inner thoughts and outer peccadilloes suddenly lend a novelized sheen and certainty to what, just moments before, had seemed the complex wars-and-all free fall of capital life.

Phones ring in rival news bureaus as editors demand to match this Woodward revelation or that, like that exclusive about how Bob Dole — imagine it — has been secretly demanding of his aides a perfect running mate: a "10," he is said to have said. Lesser news hacks have heard that from him on the stump for weeks, dismissing it as self-serving.

So does the gotcha culture of Washington journalism stride on

well beyond Mr. Nixon, who energized it so Gothically. The man called The Trick now might be caught smiling at the endless capital syndrome of aspersions and revelations packaged so profitably as the hidden truth that everyone who seethed through Watergate surely knows must be there, somewhere. If only Mr. Nixon could be reached in that Beltway Beyond for ironic comment on what he belatedly offered.

Which brings up the latest Woodward book, "The Choice." It is about the 1996 campaign between President Clinton and Bob Dole, but instantly sparked tabloid headlines about "Hillary's Guru."

The book disclosed at length that Hillary Rodham Clinton had held White House meetings with a New Age psychologist, Jean Houston, who suggested the embattled First Lady close her eyes and imagine a role-model conversation with Eleanor Roosevelt. The Post excerpted this part of the book first, and the story raced through the nation's news industry, spiced into tales of séances.

Mrs. Clinton said mere "brainstorming" for her new book had been sensationalized; she previously tried and praised these imagined heart-to-bearts as a way to buck up her spirits. Her office issued a two-page complaint whose essence was: She's no kook. Mr. Woodward, firm in his reputation for taking the first cut at history, did not disagree in asking fair-minded people to read the book. Sales took off as Washington readers sought to escape the commonplace.

Handwritten note in Arabic script: "هذا من الالهي"

ECONOMY

For a Former Corporate Raider, Act II is Tough

By BARNAY J. FEDER

On a recent mid-May morning, several vice presidents at the headquarters of Watkins Inc. here are being politely but enthusiastically queried by Irwin L. Jacobs, their chief executive.

First he asks of the army of salespeople who work out of their homes taking orders for Watkins' food, health and home-care products. Shouldn't the thousands who sign on each year be invited to company headquarters after they enroll, he asks, for training it will encourage them to stick with it. He also wants to know if prospective buyers in Korea have been sent a fax of detergent ingredient lists they had asked for. Later he moves on to packaging cost wondering why Watkins isn't pushing soldiers harder for new contracts now that prices have fallen.

"I want to be a nice guy in town, but I don't want to be a nice guy because I'm the stupidest," he says.

Wait a minute, this is Irwin L. Jacobs, the famed corporate raider who became conspicuously wealthy during the 1980's by buying huge chunks of troubled companies like Kaiser Steel, Vi Disney and Castle & Cooke (the parent of Jole Foods), threatening them with takeovers or management changes, and then firing out to higher bidders? Is this the man dubbed "Irv the Liquidator" for they he dismantled companies that he did agree to buy, like the industrial and leisure-goods giant AMF Inc.? Wasn't Irwin jobs known for pestering powerful chief executives like Rand Araskog of ITT, use conglomerate he wanted to break up underlings at obscure companies if Watkins, about what they are doing to be the business?

Well, yes, it is he, understand why he is so busy these days in the details of running Watkins, a privately held company that had revenues last yr of about \$100 million—about what Wal-Mart stores rang up in half a day—ones to look at how both Mr. Jacobs, 54, and times have changed.

"It's some of the best," Mr. Jacobs, a gregarious and disarming casual bear of a man. "I wouldn't be more than 5 percent of a company today unless I was taking it over, and even then I wouldn't do it in a hostile situation."

Corporate raiders are not quite extinct. There's Bennett St. Bow, for instance, still pursuing his plans to break off the food business of RJR Nabco Holdings from the tobacco operation and then combine the latter with Liggett's own tobacco company. Theo there is Carl C. Icahn, the New York financier known for acquiring control in 1985 of Trans World Airlines, at the time the nation's fourth-largest airline. Until recently, Icahn was an ally with Mr. LeBow in the split on RJR. And there's Kirk Kerkorian, who failed in his attempt to gain control of Chrysler's board but may still make hundreds of millions of dollars from his investment.

But, Mr. Jacobs said, the number of flabby or overvalued companies that are undervalued has fallen sharply because top managers and directors are now much quicker to sell their companies into shape at the first sign of trouble. "Look at how AT&T and these other companies are breaking up without being forced to," he said.

Moreover, when the companies themselves have been slow to act, many pension funds and other institutional shareholders that once reflexively backed management are now routinely challenging corporate strategies without the prodding of freelance flame throwers like Mr. Jacobs. Their responsiveness had a lot to do with Mr. Araskog's announcement last year that ITT would split up, just as Mr. Jacobs had urged in 1985.

"If we could have patented our suggestions, we could be suing Araskog right now for infringement," said Daniel Lindsay, a lawyer for Mr. Jacobs's holding company and a longtime partner in his deals.

Raiding investors are also rarer because of the loss of their easiest source of funds, the high-interest-rate loans provided by the giant leveraged-buyout machines run by the likes of Michael R. Milken of Drexel Burnham Lambert. The junk-bond financiers who survive have become much more cautious because of the bankruptcies and other struggles faced by many of the highly indebted companies their deals created.

Finally, as Mr. Jacobs and other raiders who gained control of companies have learned, running them can be a drain on the investors' time, their reputations and even their financial power. For every success like Ronald O. Perleman, who built a business empire around his acquisition of Revlon, many others have stumbled. Some, like T. Boone Pickens, who eventually settled down to run Mesa Inc., find themselves vilified by other investors as the same kind of self-interested corporate insiders they were once famous for attacking. Mr. Pickens stepped down this month as Mesa's chairman and chief executive at the request of a financier he had brought in to defend the company from hostile shareholders.

Mr. Icahn flew TWA into bankruptcy in 1992. Under Asher B. Edelman, Datapoint, a once-leading-edge producer of computer networking equipment, collapsed.

Mr. Jacobs has certainly accumulated his share of bitter lawsuits and critics. "I lost all my respect for him," said Marc Kozberg, a longtime Minneapolis investment-fund manager. Mr. Kozberg profited from many deals involving Mr. Jacobs, but was dismayed by the latter's failure to shield fellow investors caught in the collapse of an investment holding company called MEI Diversified. Mr. Jacobs says that there was nothing he could do to save MEI and that he was among the biggest losers.

Mr. Jacobs is the first to acknowledge that his portfolio's diversity strained his expertise and drained his energy, in part because he made a more serious stab than many raiders did at running parts of his empire. "No one could spread themselves as thin as I did in the 80's," Mr. Jacobs said. "It was profitable, but it could have been a whole lot better."

Not the contemplative sort, Mr. Jacobs does not spend much time fretting about how much better it could have been. While continuing to buy and sell large chunks of stock, he stays below the 5 percent level that would require him to notify the Securities and Exchange Commission of his presence and intentions. Mostly, he tries to stay focused on improving the performance of what he already owns to the point where he will be comfortable stepping away.

"My wife asked if we could ever take a month off," he said. "I may never do it, but I've reached the point where I want to know I could."

But he still jumps at what he perceives as bargains, though. In 1994, he snapped up Canterbury Downs, a shuttered racetrack in a Minneapolis suburb, Shakopee, for \$7 million, about a tenth of the cost of building it. But the payoff he was hoping for never materialized. After he ignited a controversy by suggesting that the track could enjoy a renaissance if other forms of gambling were authorized there, he unloaded the property at a modest profit.

"Deals are in our blood," mused Carl C. Pohlad, the 80-year-old Minneapolis banker who has been Mr. Jacobs's backer and partner in numerous ventures over the last 22 years. "We could say, 'Never again,' but it's only until the right thing comes along."

By the mid-1980's Mr. Jacobs had assembled the bulk of the business portfolio— and the headaches—that keep him busy these days. There is no common thread to explain why he has kept some businesses and discarded scores of others, but the centerpiece of what is left is clearly Genmar Holdings, a privately held collection of boat companies acquired since 1977. With sales last year of \$552.7 million, they make up the nation's third-largest leisure-boat manufacturer, after Brunswick and Outboard Marine.

Mr. Jacobs, who keeps three powerboats at his lakeside mansion outside Minneapolis, has long played an active role in managing his boat businesses. But that involvement was overshadowed in the 1980's when his other investment forays were grabbing headlines and generating the profits that allowed him to load up on the trappings of success, including a vacation home in Palm Beach, Fla., and a succession of Rolls-Royces.

"He knows and loves the marine business," said James Chapman, the former chairman and chief operating officer of Outboard Marine, a supplier of engines to Genmar as well as a competitor in boat sales. "When we negotiated our long-term engine contract several years ago, it was Irwin across the table from me."

But Mr. Jacobs's management skills appeared to be nothing special when Genmar sales collapsed in 1989, along with the rest of the boating industry. Burdened by the heavy debts accumulated to allow Mr. Jacobs and others to take cash out of the company, Genmar escaped bankruptcy only because Mr. Jacobs injected new capital, recruited new investors and negotiated new terms with lenders. Genmar's sales began rebounding three years ago, with total revenue up 25 percent in 1994 and 11 percent last year. Operating cash flows remain uncomfortably weak because of rising expenses—both Standard & Poor's and Moody's Investors Service downgraded their ratings on \$100 million of outstanding junk bonds in December—but Mr. Jacobs is confident of a third consecutive year of operating profits and is even talking cautiously about the possibility of returning to the public for the first time since 1989.

"We are managing this for the long haul," he said, adding that his main role at this point was developing new marketing strategies.

For example, he recently negotiated an arrangement to allow Genmar dealers to display some of their more inexpensive boats in Wal-Mart parking lots, an exposure that he hopes will attract a broad new range of potential customers to showrooms.

Mr. Jacobs is delving much more deeply



into Watkins, a 128-year-old company that was once a giant in direct sales. Watkins helped pioneer the technique of multilevel marketing, in which sales representatives are paid commissions not just on their own sales but on the business generated by people they recruit. Such pyramid-like marketing strategies have been a frequent source of business fraud, but when run legitimately they have allowed tens of thousands of Americans to create independent home-based businesses with little investment up front.

The founding Watkins family had mismanaged the company into bankruptcy when Mr. Jacobs acquired it for \$4.6 million in 1978. A succession of professional managers he installed turned the business around, but after an early period of fast growth, annual revenues stalled a few years ago at around \$100 million.

The slowdown frustrated Mr. Jacobs, who believed the company's marketing structure, made it an ideal refuge for workers threatened by corporate downsizing who were hungry for opportunities to build independent sources of income.

His dismay deepened, he said, when Russ Hall, then the president, raised the cost of the starter kit for new sales representatives from \$81 to \$99, with disastrous results. Instead of bolstering revenue by attracting more committed people, as Mr. Hall had anticipated, the move dampened sales, made new recruiting tougher and infuriated star sales representatives who earned six-figure incomes, Mr. Jacobs said.

Mr. Hall was dismissed, Mr. Jacobs says, and after a meeting in Minneapolis in January with the top 100 salespeople that Mr. Jacobs calls "the best learning experience of my career," a new starter kit costing \$29.95 was introduced. Mr. Hall could not be reached for comment.

Mr. Jacobs is now spending at least a day a week in Winona with a new management team, plunging into activities like negotiating the recent partnership with Jinro, a huge Korean conglomerate, to expand Watkins's reach into South Korea.

The silver lining in Watkins's troubles for Mr. Jacobs is that they attracted the interest of Mark, his 32-year-old son.

The only son in a close-knit family that includes four daughters, Mark had been pursuing an acting career that had resulted in bit roles in several movies. He can be seen getting beaten up in "Goodfellas." Mark moved back to Minnesota this spring and recently became vice president in charge of marketing at Watkins. He and his father talk several times a day. One of Mark's sisters, Tricia, is developing a line of cosmetic products for Watkins, but the three others are not currently involved in Mr. Jacobs's businesses.

Dr. Jacobs said he hoped Genmar and Watkins would both be prosperous enough to take public within a year. But investors might be wary based on the track record of Insty-Print, a franchise chain of 325 printing shops in which Mr. Jacobs and an investment group retain a 70 percent stake after a 1994 public offering. The thinly traded shares of I.P.I. Inc., the publicly traded holding company, are at \$4, just where they started trading in May 1994, having been left behind during one of the greatest market rallies in history.

The problem, according to some investment managers, is Mr. Jacobs. They say I.P.I. told investors it planned to grow through acquisitions, but Mr. Jacobs's reluctance to buy at anything other than bargain prices has resulted in no action and slow growth. That quest for a discount is unlikely to change, say those who know Mr. Jacobs best.

"He firmly believes that you make your money when you make your buy," said Dennis Mathiesen, a Jacobs lieutenant and investing partner in the 1980's, who has since built a mini-empire of his own around the Mountain Parks Financial Corporation, a publicly traded bank holding company.

One business where Mr. Jacobs's passion for bargains is unlikely to hold him back is his Jacobs Trading Company and the closely related WGD Inc., which specialize in buying cut-rate goods and reselling them to wholesalers, retailers and consumers. These descendants of Mr. Jacobs's original business, the close-out merchandising deals he began putting together as a teenager, aim to capitalize on retailers' growing problems with handling the billions of dollars of goods that come back to them under liberal return policies that consumers have come to take for granted.

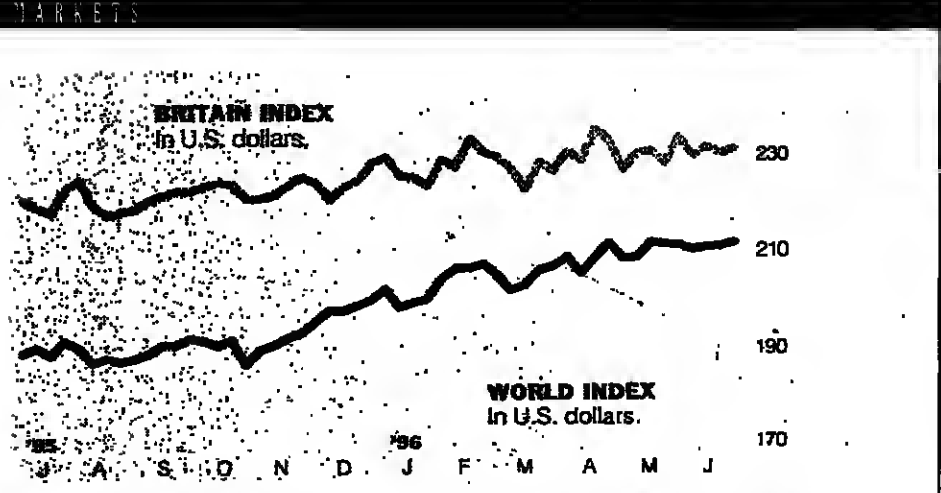
Jacobs Trading sells a variety of returned goods picked up from mass merchandisers like Wal-Mart, manufacturers and other sources, marketing them to other retailers or directly to consumers through its small but growing chain of retail outlets in the upper Midwest. WGD, which stands for "World's Greatest Deal," is attempting to expand the same concept into electronic marketing (and its home on the Internet is www.wgdeal.com).

Critics, though, say Mr. Jacobs's search for the cheapest deal has led him down a questionable road. To expand the range of returned goods they handle, the trading companies last year began marketing electronic goods and other items that have been rebuilt by convicts at a state prison in Appleton, Wis.

Unions decry the practice as a grab for cheap labor that they say was approved by Gov. Tommy G. Thompson of Wisconsin as a quid pro quo for campaign contributions. The Governor has denied the allegations, and Mr. Jacobs describes the plan as a public service that allows the state to recoup some of its costs of running the prisons and trains prisoners to do jobs that will help them stay out of prison once they are released.

COUNTRY	PERFORMANCE IN U.S. DOLLARS				IN LOCAL CURR.			
	Index	Week % Chg.	Week Rank	YTD % Chg.	Index	Week % Chg.	YTD % Chg.	YTD Dividend Yield
Australia	201.44	-1.2	23	6.0	14	4.33	170.22	0.2
Austria	183.92	-1.2	24	5.4	15	1.92	145.49	12.1
Belgium	209.16	1.0	7	0.0	24	4.12	181.80	6.5
Brazil	178.13	-0.1	16	29.1	1	2.01	329.23	33.4
Canada	233.41	0.4	13	1.2	21	4.19	222.72	1.2
France	159.70	-0.1	17	7.8	13	2.41	157.93	7.7
Germany	303.09	0.8	8	5.0	17	1.90	241.80	11.1
Italy	191.83	-0.5	16	2.5	19	2.67	187.05	9.7
Japan	197.80	2.6	1	10.3	9	3.01	159.74	16.1
UK	172.32	1.7	4	5.3	18	1.82	136.37	12.0
Hong Kong	431.69	1.6	5	11.3	8	3.32	429.02	11.5
Spain	286.95	-0.8	21	12.3	5	3.39	253.11	12.7
Sweden	81.90	-1.3	25	11.1	7	2.35	93.77	7.4
Switzerland	156.65	-0.5	19	1.1	22	0.70	108.61	7.5
Thailand	559.44	-0.8	20	15.3	3	1.67	537.64	13.3
Mexico	1,233.34	2.6	2	19.1	2	1.30	10,221.42	17.1
Netherlands	297.67	1.5	6	9.1	10	3.11	231.91	16.2
New Zealand	80.09	0.7	9	0.5	23	4.37	62.08	-4.0
Norway	250.68	-1.1	22	8.4	12	2.05	221.05	11.5
Singapore	416.96	-1.5	26	2.4	20	1.40	271.23	2.2
South Africa	382.38	0.4	12	6.0	26	2.12	343.00	11.7
Taiwan	183.29	0.5	11	11.0	8	3.21	178.03	17.3
India	357.35	-0.1	15	14.5	4	2.42	351.04	14.6
Denmark	244.10	2.1	3	3.4	18	1.58	189.42	12.5
South Korea	168.31	0.3	14	-1.2	25	2.02	163.95	-0.3
United States	272.73	0.5	10	8.5	11	2.17	272.73	8.5

COMPOSITE INDICES						
Index	Week % Chg.	YTD % Chg.	YTD Dividend Yield			
Europe	211.52	1.0	5.3	3.06	184.80	8.8
Pacific Basin	169.35	-0.4	2.5	1.15	119.51	7.3
Europe/Pacific	186.81	0.2	3.8	2.05	144.29	8.0
World	214.14	0.4	5.9	2.11	184.40	8.4



Prepared by Goldman, Sachs & Co. using data derived from the FT Actuaries World Indices, a measure of stock market performance. The FT indices are compiled jointly by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

Source: Goldman, Sachs & Co. Exchange rates as of Friday's London close © 1996 The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's

CURRENCIES				
Exchange rates	Friday	Last Friday	Week % Chg.	Year Ago
Japanese yen to the U.S. dollar	109.72	109.15	+0.52	84.63
German marks to the U.S. dollar	1.5241	1.5345	-0.68	1.3805
Canadian dollars to the U.S. dollar	1.3639	1.3645	-0.04	1.3720
U.S. dollars to the British pound	1.5505	1.5355	+0.98	1.5955

Source: Bloomberg Financial Markets; exchange rates as of Friday's New York close

June 2-28: Bonds Rally on a Bet the Fed Will Put Off a Rate Increase; Dow Declines

DOMESTIC EQUITIES	
■ Broad market S. & P. 500 index	Up 0.57% 670.63
■ Blue chips Dow 30 industrials	Down 0.89% 5,654.63
■ Small capitalization Russell 2000 index	Up 0.41% 346.61

DOMESTIC BONDS	
■ Treasuries Ryan Labs. Total Return	Up 1.37% 186.11
■ Municipals Bond Buyer index	Up 1.45% 114.00
■ Corporates Merrill Lynch Master index	Up 1.52% 802.29

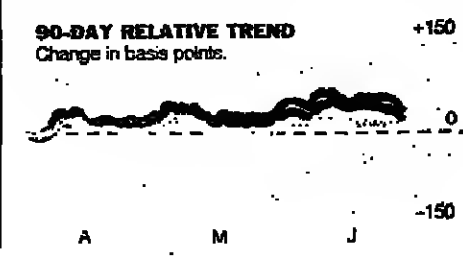
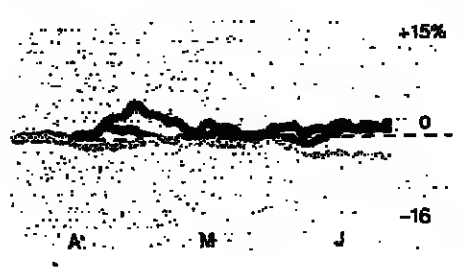
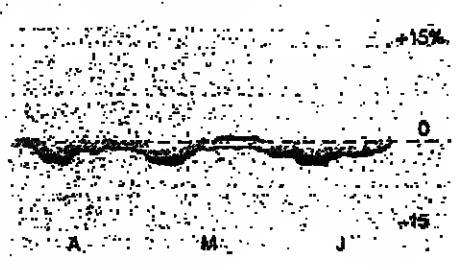
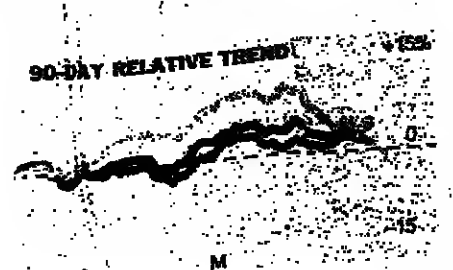
AROUND THE WORLD	
■ European stocks F.T.-Actuaries Europe	Up 1.01% 211.52
■ Asian stocks F.T.-Actuaries Pacific Basin	Down 0.44% 169.35
■ Gold New York cash price	Down 0.81% \$381.60

Foreign indexes are given in dollar terms.

BONDS	
■ Long bonds	6.89%
■ 30-year Treasuries	Down 20 basis pt.
■ Notes 2-year Treasuries	Down 19 basis pts.
■ Municipals Bond Buyer index	Down 10 basis pts.

100 basis points = 1 percentage point

OTHER INVESTMENTS	
■ Money market funds	4.78%
■ Taxable average	Up 1 basis pt.
■ Bank C.D.'s 1-year small savers	4.98% Up 1 basis pt.
■ Stocks S. & P. 500 dividend yield	2.20% Down 1 b.p.



90-DAY RELATIVE TREND Change in basis points.

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Sources: Bank Rate Monitor, Bloomberg Financial Markets, The Bond Buyer, Datastream, Goldman, Sachs; IBC's Money Fund Report; Merrill Lynch; Standard & Poor's; Ryan Labs

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Fatal Incompetence in Dhahran

Defense Secretary William Perry announced yesterday a series of steps to protect American military personnel in Saudi Arabia — including a wider perimeter around the housing complex that was bombed last week, killing 19 American servicemen. His announcement came at the end of a week in which the Pentagon refused to concede that its security precautions were wholly inadequate and offered one unconvincing and contemptible excuse after another.

To declare, as America's top military officers did, that there was no way to anticipate a truck bombing with the explosive power of last week's attack is nonsense. To appreciate the importance of extending perimeter security to defend against extremely powerful truck bombings, all they had to do was look across the Potomac River.

A year ago, after the bombing in Oklahoma City, the White House closed a portion of Pennsylvania Avenue to protect the President from large truck bombs. The distance from the White House to Pennsylvania Avenue is about 100 yards. The distance from the apartment building in Dhahran to the lightly secured park where a truck bomb exploded on Tuesday was about 35 yards. If the Secret Service realized that the White House perimeter was insufficient, why did the Pentagon settle for less protection for hundreds of American servicemen in Saudi Arabia?

That is only one of many questions the civilian and military leadership of the Pentagon must answer, not just for the families that lost husbands, fathers, sons and brothers in the bombing but for a country that is tired of hearing lame excuses from the Pentagon about its fatal security lapses in the Middle East. Yes, terrorism is impossible to prevent altogether, but there is a great deal that should have been done.

The history of attacks against American installations in the Middle East fairly shouts a simple but neglected lesson: The bombs get bigger each time, the attacks become more audacious and the defenses erected after one bombing always prove inadequate to defend against the next.

The security failure in Dhahran looks similar to the security breakdown in Beirut 13 years ago, when a truck bombing of a Marine barracks killed 241

American servicemen. In that case, the Pentagon inexplicably rated terrorism a secondary threat to the Marines, even though the American Embassy in Beirut had been blown up by a truck bomb six months earlier. As a result, a suicide terrorist easily smashed through the flimsy defenses with a bomb-laden truck.

The Pentagon said then, as it did last week, that the method of attack was novel and could not have been expected. That will not wash. After the Oklahoma City bombing, it did not take a physicist to realize that a 35-yard buffer zone was not enough to absorb the explosive force of a large truck bomb. Ignoring the escalating pattern of Middle East terrorism, the Pentagon designed a defense in Dhahran that might have worked in Beirut or in Riyadh last November, when the bombing of an American-run military compound killed five Americans. It placed barricades around the compound to block access by a truck, but did not extend this secured perimeter far enough from the buildings.

It is fine and fair for American officials to complain about a lack of Saudi cooperation in investigating terrorist threats in the kingdom, and American forces in Saudi Arabia are clearly constrained by the monarchy's sensitivity about the American presence. But President Clinton and Congress must demand an exacting investigation of the Pentagon's security planning in Saudi Arabia. Those found responsible for the inadequate defense should be disciplined or dismissed.

That inquiry must examine every one of the hundreds of incremental decisions that produced the flawed security system in Dhahran. Those decisions were made by dozens of civilians and military officers in the Pentagon, running down the chain of command from Washington to the United States Central Command in Tampa, which oversees American forces in Saudi Arabia, to the Joint Task Force for Southwest Asia, based in Riyadh, to the 4404th Air Wing in Dhahran. All of them were guided to some extent by diplomatic and political decisions made at the White House and State Department.

Defense Secretary Perry's promise to take new precautions is welcome but tragically late. Too many Americans have paid the price for Pentagon incompetence with their lives.

An Agenda for Either Party

Force welfare parents to work. Balance the Federal budget. Prevent teen-age pregnancy. Cut income taxes. Hire more police.

Anyone can spot items from the Republican campaign platform. Only these items come from Congressional Democrats. The House and Senate Democratic leadership put together a list of 20 items that it will present to voters this fall as the party's legislative agenda. The parallel between the Democrats' "Families First" agenda and the 1994 Republican "Contract With America" is obvious though unstated. The Democrats' list is noteworthy for its modesty. There is no Big Government lurking here. In its modesty may also lie its relevance. The list serves as a glimpse of Congress's future no matter which party takes control after November.

Instead of the ambitious 1994 Democratic health care bill, the 1996 Democrats propose to require that private insurers offer a stripped-down policy that covers only children, presumably for use by poor families. Most of the other items are familiar: President Clinton's badly targeted tax deduction for college tuition, a sensible promise to help states enforce child-support orders and a call for

rules that would allow workers to take their pensions with them when they change jobs. There is also an evasion. The agenda calls for balancing the budget, cutting taxes and increasing investments in infrastructure, but it provides no clue as to how to pay for these promises.

The remnants of liberalism are to be found in calls to ban imports made with child labor, to impose new environmental standards on corporations and to provide child care, health care and training for welfare recipients.

Whether the Democrats' new approach is just an election-year conversion is unclear. There was little enthusiasm among the Congressional rank and file for the leadership agenda. But there is reason to believe the go-slow agenda will prevail no matter which party controls Congress. The excessive conservatism of the Republican Contract will not survive the test of public opinion. The same holds for the liberal activism of the Clinton health plan. The Families First agenda would appear to be close to what Congress could do. Without the signatures, it would be hard to tell if it came from the desk of Newt Gingrich or Richard Gephardt.

Wrong Approach to Teen-Age Crime

The anti-crime mantra of the day is that juvenile offenders are every bit as dangerous as adult criminals, and must be dealt with accordingly. Congressional Republicans propose to prosecute more juveniles as adults and loosen Federal mandates requiring that juvenile and adult prisoners be housed in separate facilities. Meanwhile, at the state level, juveniles who commit serious crimes are increasingly being tried in adult courts and getting stiffer sentences that must be served in adult prisons.

This may be a politically appealing approach. But it is not the answer to juvenile crime. A recent study by the Rand Corporation says that it is smarter and more cost-effective to invest in programs that prevent youngsters from committing crimes in the first place. Further, juveniles incarcerated with older prisoners are quickly abused. That is why Federal restrictions on imprisoning youths with adults were established 20 years ago.

The G.O.P. and many state legislators say that the only way to deal with the rise in the level of youth violence is to get tough. The data are indeed disturbing. In the past 10 years, the arrest rate for 14- to 17-year-olds for homicides has risen threefold. Because the number of teen-agers will increase by an estimated 20 percent in the next decade, many experts predict an onslaught of youth crime.

These fears have prompted Representative Bill McCollum, a Florida Republican, to propose a package of get-tough measures for juvenile offenders. He has introduced a bill mandating automatic adult prosecution of juveniles 14 or older who commit violent Federal crimes or major drug offenses. Under current law, that decision is left to judges. The bill would also allow optional adult prosecu-

tion for juveniles 13 and older who commit other Federal felonies, such as a major sex or financial offense. In addition, it would ease existing Federal restrictions on the ability of states to house juvenile and adult offenders in the same prison facilities.

Similar legislation introduced in the Senate by Orrin Hatch, the Utah Republican, would allow for adult prosecution of offenders 13 and older who commit violent Federal crimes or certain drug offenses. The Hatch bill also reduces the age for imposing the death penalty for Federal capital crimes from 18 to 16.

These measures are not likely to reduce juvenile crime, tough as they appear. Neither bill pays attention to getting rid of guns, which are largely responsible for escalating youth violence. In addition, several state studies have shown that juveniles prosecuted as adults and incarcerated in adult prisons have higher recidivism rates, committing more crimes as well as more serious crimes, than teenagers who serve in juvenile facilities.

It makes far more sense to increase resources for youth development and crime prevention programs. The Rand report found that a \$1 million investment in a program offering educational incentives to at-risk youths, including tutoring and modest financial awards, could avert more than 250 crimes. Similarly, the researchers found that spending the same amount on early intervention, like training parents to take better care of their children, could avert more than 150 crimes.

These programs do not sound as catchy or bold as the get-tough-on-kids proposals circulating in Congress and the states. But over time they may do a lot more to reduce crime — and rescue more than a few youngsters in the bargain.

Tired of the Game, Voters Long for Substance

To the Editor:

A June 23 Week in Review article wonders why President Clinton remains so resilient despite scandals in his Administration, and William Safire (column, June 24) decries the public boredom and apathy in response to continuous reports of scandals in the White House.

I suggest that the public's apparent disinterest is more an expression of tired anger otherwise known as cynicism. For years we have been privy to the distortions, innuendoes, dirty tricks, negative advertising and, yes, proven scandals in the White House and on Capitol Hill, regardless of who is in office.

Exposure of government corruption and unsavory behavior of our leaders is important, but a game has been created of this otherwise legitimate concern. Like Wild West cowboys, politicians shoot it out to see whose character can be defamed first and most until somebody loses. It's a great game, for what it's worth. It provides sensational sound bites for television, headlines and juicy tidbits for journalists and drama for the public — for a day or so.

Meantime, health care, budget deficits, worker morale, declining wages, wage gaps, racial animosities, homelessness and campaign finance reform remain peripheral in the public dialogue and derailed in Congress.

Most Americans are on to this game. The multitudinous stories of sex, lies, cover-ups and conversations with the dead are considered much ado about nothing until serious proof is established after a few years to convict or defame. Then, maybe, Americans will respond.

Perhaps there is no other way to our system. But if this is the game to be played, we can expect more apathy and boredom. Jim Covington
New York, June 25, 1996

Rodham Clinton's engaging in mock conversations with Eleanor Roosevelt and Mohandas K. Gandhi.

When Nancy Reagan consulted an astrologer, she used the results to arrange President Reagan's schedule. Mrs. Clinton's role-playing ought to have no effect on public policy.

In the same fashion, while Richard M. Nixon's White House used F.B.I. files to compile an enemies list, the Clinton Administration appears (so far) to have made no use of the files it wrongly obtained. And, for all the talk about Whitewater, there is no evidence that Mr. Clinton engaged in anything like the obstruction of justice that cost Nixon the Presidency.

The American people may not regard Bill Clinton as a model of probity, but they recognize the difference between impropriety and corruption. Jonathan J. Margolis
Brookline, Mass., June 24, 1996

To the Editor:
Despite any perceptions of disgrace to the office of President or embarrassment to his party (Week



in Review, June 23), it is possible that President Clinton's candidacy is enhanced by an embattled middle class's sinking feeling that worse is yet to come should Republican policies go forward unfettered.

Rather than blame Americans' lowered standards for character in their leaders, we should look at their battered standards of living, threatened hopes of upward mobility and fears for their children's and their own futures. Americans are realists, and reality starts and ends in the pocketbook. Kathleen Slocum
Blairstown, N.J., June 23, 1996

Untimely Throwback

To the Editor:
Why did you publish a 1971 picture of a youthful Bob Dole with his "mentor," Richard M. Nixon (front page, June 21)? It was the wrong story to publish at a time when the machine of the Clinton-White House provides an eerie throwback to the Nixon Presidency. Diana Klebanow
Brooklyn, June 21, 1996

The writer is an adjunct professor of political science, Long Island U.

The Imaginary Fest

To the Editor:

The commentators who are having a festival ridiculing Hillary Rodham Clinton for her imaginary conversations with Eleanor Roosevelt ought to look into the case of the English poet and essayist Walter Savage Landor (1775-1844).

Landor is famous for his "Imaginary Conversations," five volumes in which he supposed himself to be overhearing conversations between important persons long dead. But his most effective samples are when he himself interviews some long-gone English worthy. His books, published from 1824 to 1839, were phenomenally popular as insured him of a modest immortality.

So the tradition of imaginary conversations is grounded in Western culture. I wish that Mrs. Clinton's could also be published in book form. J. A. Michener
Austin, Tex., June 27, 1996

Mrs. Dole's Meeting

To the Editor:

Contrary to Maureen Dowd's "Inner Life of Chee" (column, June 27), on the "aid" from Boh Woodward's book, Elizabeth Dole did not have to schedule an office appointment to talk to her husband about whether he should run for President. Rather, she chose to do so.

According to the book, Mrs. Dole "wanted" such a meeting because "she liked to be in her home as an oasis away from noise and rush of their very public professional lives." For Boh Dole's Presidency is a professional personal decision. It is appropriate for him and his wife to discuss it whenever and wherever they choose. Howard A. Cohen
Bala-Cynwyd, Pa., June 27, 1996

To the Editor:
Maureen Dowd (column, June 27) has been feigning green cheese if she thinks that least in the '60s, people were buried about civil rights, equal peace — higher things that place outside the bridge of thine self."

I remember the library shelves devoted to the joy of our ovals in that decade, as well as weekend EST marathons that reached a pinnacle in self-saturation.

In addition, Werner Erhard's loyal minions were millions who quoted E. Berne's "Games People Play," published in 1964; faithful readers of Dr. Theodore I. Rubin, who we extensively in magazines and books on our inner life, including the Angry Book" (1963); and followers of Daniel A. Sugarman, whose paperback reprint of "The Search for Serenity" (1970) was described as "a vital tool for coping with life in our age of anxiety!"

Not all in the Ash Quartus was gregarious. Ja Oppenheimer
Houston, June 27, 1996

Foreign Adoptions Get Sidetracked by Unrealistic Expectations

To the Editor:

Your June 23 front-page article on children adopted from abroad makes one wonder what people expect of deprived, institutionalized children — that none would be considered "too troubled"?

In a quick survey recently, we asked some of our member agencies that work in Eastern Europe about their experience with developmental delays experienced by children adopted from Eastern Europe, with disrupted adoptions and with lawsuits filed by adoptive parents.

The results from 12 agencies of varying size around the United States show 10 disruptions out of 1,671 placements. That compares favorably with results of children in the United States adopted at older ages from foster care or institutional settings.

These 1,671 placements represent 19 percent of all children adopted by United States citizens from Eastern Europe over the last six years. About 80 percent of the children had developmental delays at adoption. That should be no surprise: they are from orphanages, many were not infants, and they were not from family settings where children get normal stimulation from parents, siblings and relatives.

Once they were placed with new families, within six months the percentage exhibiting signs of developmental delays had fallen to 40 percent; after a year, it was 8 percent. Many children required professional intervention, some for psychological or other mental health services, others for surgery. Of the 10 reported disruptions, all are with new adoptive families.

And the agencies report that none of the parents of these children have filed a lawsuit against them.

Ninety-five percent of our agencies have been in existence for more than five years and three-fourths have substantial experience in adoption. Since we have requirements for agency membership that many of those who worked in Eastern Europe or still operate there could not meet,

The Times welcomes letters from readers. Letters must include the writer's name, address and telephone number. Those selected may be shortened for space reasons. Fax letters to (212) 556-3622 or send by electronic mail to letters@nytimes.com, or by regular mail to Letters to the Editor, The New York Times, 229 West 43d Street, New York, N.Y. 10036-3959.

another quality control factor is present. William Pierce
Pres., National Council for Adoption
Washington, June 26, 1996

To the Editor:

As an American working in a state child-care institution in Romania, I find your June 23 front-page article on adoptive families of Soviet-bloc children of interest. I have been in Romania since 1991. I have spoken with and received letters from many American couples hoping to adopt a Romanian child. My heart goes out to the parents having the problems you describe, which are familiar to me.

My experience leads me to wonder how many people heard or would have listened to information that might have slowed down the stampede to adopt. Couples who badly wanted a child (perhaps a Caucasian child) were caught up in the rush.

Late in 1991 Romania closed foreign adoptions for months, and the adoption law was rewritten. The new law slows down the process to give more time for screening. The law has been criticized by some Westerners. Efforts are made to circumvent it — paying pregnant Romanian women to travel to Hungary, for example, so the baby can be born and adopted there.

American families having problems with their foreign adopted children should reflect on their own attitudes at the time of adoption before blaming others or filing lawsuits. (Sister) Mary Rose Christy
Burlingame, Calif., June 27, 1996

To the Editor:
Your June 23 front-page article on foreign adoptions features only fam-

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ilies who have negative experiences. The news media seem to be following a trend of adoption horror stories. Such reporting discourages anyone considering adoption and stigmatizes children adopted abroad.

I have worked with families to help them adopt children in Asia, Latin America and Eastern Europe. Yes, there are risks and unknowns. Health and development assessments are not always reliable. The orphanage does not provide focused attention that parents can provide.

When adopting a child or an older child, parents will be prepared for some adjustment. Children are remarkably resilient, and I see them blossoming families who are prepared to withstand their needs.

FLICK/AN PRAAGH
Dir., International Adoption
Spence-Chin Services
New York June 25, 1996

U.S. Nazi CrimFiles Should Be Opened Now

To the Editor:

A. M. Rosenthal (column, June 25) is right in supporting Representative Carolyn B. Maloney's bill that would require all Federal agencies with relevant information to open their secret Nazi archives, so that years after World War II, we can learn the truth about our country's dealings with war criminals. As sponsor of the law authorizing the declassification of Nazi war criminals, I know this legislation can make a difference.

Legislation opened the only approach. President Clinton has issued an executive order calling for declassifying certain files. Regulations regarding files a Nazi war criminals should be strengthened and put into effect. In 1992, the deputy director of Central Intelligence promised that the agency's secret files on Nazi war criminals would be opened. That has yet to happen.

The former Soviet Union and its former Eastern Europe satellites have opened their archives. So has Argentina. Have we a lesser responsibility? Justice Department and General Accounting Office reports have defied numerous instances of cover Government involvement with Nazi war criminals, here and abroad. The full truth needs to be told. ELIZABETH HOLTZMAN
New York, June 26, 1996
The writer was a member of Congress, New York, 1973-81.

Handwritten text in a box: *السنة 1375*

Foreign Affairs
THOMAS L. FRIEDMAN

Will the Center Hold?

WASHINGTON
On March 13, just after four suicide bombers blew themselves up in Israel, an extraordinary summit was held on the Sinai Peninsula, in Sharm el-Sheikh. That summit brought together for the first time leaders from most of the Arab world and Israel to reaffirm that they were all in the same trench in fighting terrorism. What made the meeting so extraordinary was not simply the fact that Arab leaders came together to bolster Shimon Peres, but that it indicated a new alignment was forming in the Middle East — a new moderate center. For the first time Arab states stretching from Morocco to Saudi Arabia were openly aligning with Israel and leaving Iran, Syria, Libya and Iraq on the sidelines.

In the wake of the Saudi bombing, the Israeli elections and the latest Arab summit, one wonders whether Sharm el-Sheikh won't be remembered as the brief shining moment of a moderate center that came and went. Because the key forces that shaped that moderate center are now all under pressure. Here's how:

THE CORE: At the core of this moderate center, what made it initially possible, was the strategic understanding at Oslo between Israel and the Palestinians to mutually recognize each other, and finally resolve their historic dispute. It was that core understanding that paved the way for Israel's opening with the moderate Arab states. That core understanding also made possible Israeli-Palestinian cooperation in a broad range of areas, including security affairs, that were never part of their relationship before.

If the new Israeli Prime Minister, Bibi Netanyahu, preserves that partnership, the moderate center can survive. If he squanders it by treating

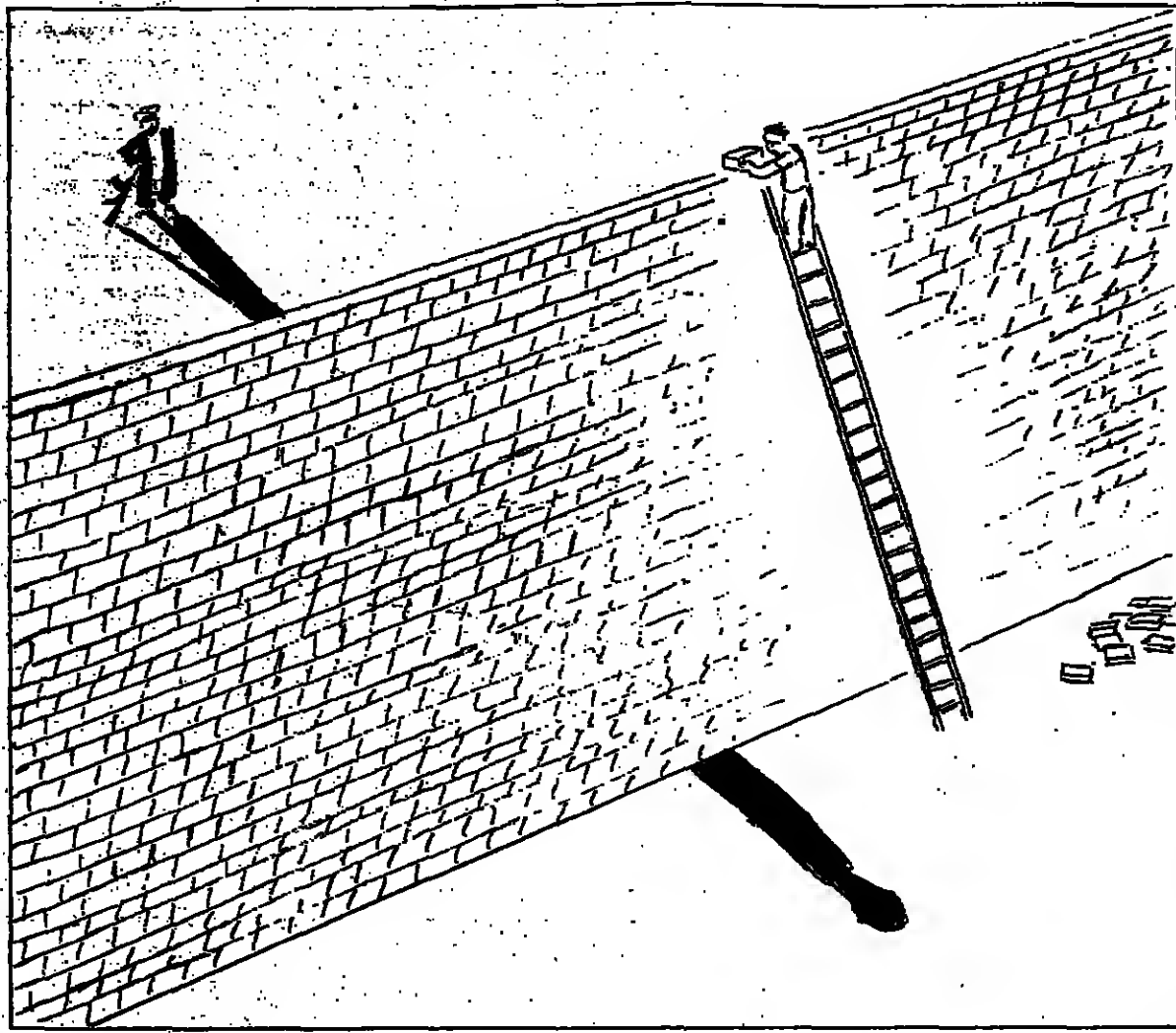
The pressure builds in the Mideast

Mr. Arafat as a partner, not a partner, then the center won't hold. Israel will enjoy neither quiet at home nor good relations with the Arabs abroad. After initially keeping Mr. Arafat at bay, Mr. Netanyahu, in one good sign, sent two of his top advisers to meet Mr. Arafat last week, triggering a protest from some in his own cabinet. But no one should fool himself here: the only way the moderate center will hold is if the bargain at its core holds, and that bargain says that Mr. Arafat must make a 100 percent effort to insure Israel's security and Israel must make a 100 percent effort to bring about Palestinian self-government in the West Bank and Gaza. Anything less from either side won't work.

THE FIRST RING: But the center will never be strong unless the first ring around the core holds too; and there Egypt is the key. But Egypt today is playing a double game. One day it tries to lead the Arabs closer to Israel; one day it tries to lead them away. This is because Egypt, long the dominant Arab power, is jealous of Israel's rising influence now that it has been integrated into the region. As long as Mr. Peres was in power in Israel, Egypt kept its worst instincts under some control, but the new hard-line Likud Government could be used by Egypt as a pretext to really lead the Arabs away from the center. The recent Cairo Arab summit, which revived some of the most stale anti-Israel rhetoric, was a bad sign.

THE OUTER RING: The latest devastating bombing in Saudi Arabia is bound to intimidate the Saudis and other Gulfies, and make them less willing to be part of any moderate alliance with Israel. There are internal problems in Saudi Arabia. Something is boiling there beneath the sands, and it's more than a few fringe fanatics.

THE U.S.: If the moderate center is to survive, the U.S. is going to have to play the crucial, tough-minded role of the reality principle, reminding everyone of what is required to move forward. Are President Clinton and Secretary of State Christopher up to that? The early signals are not good. Mr. Christopher is already "adapting" or muffling long-held principles of U.S. Middle East policy, so as not to offend the new Israeli Government. That will only encourage parties to duck reality, not face it. To Israelis and Palestinians the U.S. must make clear that they will never wage a successful, cooperative war against terrorism without also waging a meaningful war for peace. To Egypt the U.S. must make clear that its leadership in the region is needed, but only as a leader of inclusion not polarization. To Saudi Arabia, the U.S. must make clear that it wants the Saudi regime to survive, but that no Saudi ruler can help the Saudi rulers if they won't take a hard look at all the sources of their domestic troubles — and that means not only looking underground but in the mirror.



An Invitation to Terror

By Chas. W. Freeman Jr.

WASHINGTON
On Feb. 25, 1991, just three days before President George Bush proclaimed the end of allied combat operations, the last Iraqi Scud of the Persian Gulf war hit a barracks in Dhahran, killing 28 newly arrived United States Army reservists, and wounding scores more.

Last week's carnage in Dhahran recalled that earlier horror. It also brought home to Americans that five long years after the spectacular victory of Desert Storm, American troops are still on combat duty in the Persian Gulf. Thousands remain in Saudi Arabia and other Gulf countries, flying missions with full combat loads, manning anti-missile defenses and enforcing a naval blockade against Iraq. And they will stay there, far from home and vulnerable to more terrorist attacks, as long as Saddam Hussein remains in power in Baghdad.

This is far cry from the return to normalcy that Americans and our Arab coalition partners looked toward in 1991. We had given Pres-

Trying to 'contain' Iraq when we should be trying to change it.

ident Hussein a terrible licking. We were sure his days were numbered. We had been careful not to weaken his country to the point where his successor would be unable to play Iraq's traditional role as a counterweight to Iran.

We expected Baghdad to see that it was in its interest to comply with United Nations demands that it dismantle its weapons of mass destruction — its missiles and its nuclear, chemical and biological arsenal — and to seek a renewal of peace with the Gulf Arabs, including Kuwait and Saudi Arabia.

We thought the Gulf Arabs would form an effective collective defense organization, backed by Egypt, United States land and air forces would then be no more necessary than they had been before Iraq's invasion of Kuwait. Americans and Gulf Arabs alike celebrated as our troops beached home.

But Saddam Hussein is still there, cheating all he can on United Nations efforts to halt his drive for nuclear, chemical and biological weapons with which to gain revenge on Kuwait and Saudi Arabia. And with the Gulf Arabs as militarily disunited as ever, the only thing stopping him is the United States military presence in the region.

Operation Desert Storm burdened the Saudi economy with huge debts. Saudi living standards have fallen substantially as the kingdom's generous subsidies to its citizens are squeezed to pay off wartime loans and subsidize the coalition forces (Americans and a few Britons) still in the kingdom. The presence of these foreign forces chafes at the country's social and political stability, and resentment swells the ranks

Chas. W. Freeman Jr. was United States Ambassador to Saudi Arabia during the Persian Gulf war.

of extremist groups hostile to the Saudi royal family and the West. The royal family's sensitivity to this resentment accounts for the initial Saudi press reports identifying the victims of last Tuesday's bombing only as "foreigners," not as United States airmen.

Americans and Saudis would be a great deal more comfortable if the situation allowed what both expected after the Gulf war: the withdrawal of United States forces from the kingdom. But because Mr. Hussein managed to escape the political consequences of his military debacle, the United Nations effort to curb his military ambitions must continue as long as he remains in power, and a United States military presence is essential to that effort.

Perhaps it's time to get serious about removing Mr. Hussein from power. But current American policy isn't really behind such an effort. It is based on the notion of "dual containment" — isolating both Iraq and Iran in the region, cutting them off from the world economic and trading system, and balancing the two nations' military power with American forces while waiting for Mr. Hussein to fall.

The best that can be said of this strategy is that so far it has not brought Iraq and Iran together against the United States, as many of its critics feared it would. The worst may be that it has handed Baghdad and Tehran the initiative. Either can yank huge deployments of American forces to the Gulf whenever it wishes to do so. Iraq has successfully pulled this particular string several times. Iran could do the same.

Iraq may be isolated, but Iran is not. The Gulf Arabs have joined our European and Asian allies in normalizing diplomatic relations and carrying on a thriving export trade with Tehran. The only coalition member with a policy of "dual containment" seems to be the United States. Efforts to force our allies to join us in isolating Iran anger them more than they hurt Tehran.

The Iraqi threat is military. United States forces in the region help contain it. But it is hard to see the relevance of these forces to the Iranian threat, which has consisted of terrorist actions in places far from the Gulf, like Lebanon. The destabilizing effects of the American military presence in Saudi Arabia, Bahrain and other Gulf Arab states may, in fact, be generating new targets for Iranian-backed terrorism.

Meanwhile, George Bush and Margaret Thatcher have been removed from office. King Fahd is visibly nearing the end of his reign. But Saddam Hussein is still in Baghdad, plotting revenge. Even if he didn't give the perpetrators of Tuesday's atrocity a helping hand, he must have been pleased by what they did.

"Dual containment" is a policy with no apparent benefits and many risks. It is hard to argue that it amounts to more than a catchy slogan for keeping United States forces in the Gulf indefinitely until Mr. Hussein falls from power. Five years

have gone by, and that has not happened. It might happen tomorrow, of course. Then again, it might not happen anytime in the next five years. Until it does, American forces will be stuck in the Gulf, Saudi Arabia will remain troubled by their presence and extremists will see them as attractive targets for terrorism.

There are plenty of Iraqis eager to get rid of Saddam Hussein. The United States spends less to support them than its Air Force spends to fly a day's missions in the Gulf. We need to get our priorities straight.

Our interests and those of our Gulf Arab allies call out for a strategy that does not depend on permanent stationing of United States forces in the Gulf. Helping the Iraqi people rid themselves of Saddam Hussein, not humpering down behind barricades in Dhahran or picking fights with our allies over Iran, is the key to security in the Gulf.

Liberties

MAUREEN DOWD

Aldrich Aims

WASHINGTON
It was a culture clash bound to clatter into public. Civil servants vs. uncivil kids. Starched shirts vs. short skirts. Scotch vs. bongos. Men with guns vs. men with men. George Bush's Yale '48 vs. Hillary Rodham's Yale '73.

When the Clintons swept into town on Harry Thomason's red carpet, they alienated the permanent White House establishment. After a scandal-tarred campaign, Mrs. Clinton demanded to be surrounded with people she trusted, even if it meant axing non-political staffers and replacing them with Craig Livingstonesque lightweight loyalists.

Fearing that those assigned to protect and serve still loved the Bushes and were spreading rumors about the Clintons' personal life, she fired an usher, tried to transfer Secret Service agents and, according to David Watkins, encouraged him to get "our people in" the travel office. A note found in Vincent Foster's briefcase fretted that the ushers had "plotted" to pad the Clintons' redecoration costs for the White House, "taking advantage of... HRC."

Now comes "Unlimited Access," by Gary Aldrich, a prissy slap back from institutional Washington. It seems Mrs. Clinton was right to fear that there were White House holdovers eager to squeal about the Clintons' volatile private life.

The author, an F.B.I. agent for 25 years, the last three at the Clinton White House, peddles some salacious, unverified gossip, but is most illuminating on the internecine struggle between the unbuttoned meritocracy and the buttoned bureaucracy. "Revenge of the prude," sniffs George Stephanopoulos.

Like Jimmy Carter, the Clintons show more compassion for the masses than for individuals. But Mr. Aldrich is so censorious and petty that you begin to root for the scuffed, shaggy side. It's like a family fight, when one side is screaming, "And then what about that Thanksgiving, when we stayed up all night making pies, and you didn't even eat them?"

Moaning about the counterculture, Mr. Aldrich says another F.B.I. agent told him: "Kill the pigs. 'Ho, Ho, Ho Chi Minh, the Viet Cong are gonna win.' That's who they are, Gary. They're the people we used to arrest."

He says that, as an agent-in-training, he policed anti-Vietnam protesters on the Mall who chanted "Right on, death to the scum F.B.I. pigs!"

On the other side of the Atlantic,

the future President of the United States was leading a march against his own country's embassy.

Mr. Aldrich, whose favorite words are "impeccable," "letter-perfect" and "immaculate," comes off as a cross between Elliott Ness and Miss Manners. He tsks-tsks about advance men who look like "bikers," about Mr. Stephanopoulos blowing bubbles with gum and limering potato chips, and about Clintonites with bad phone manners, peasant blouses, loud ties and earth shoes. ("I haven't worn earth shoes since seventh grade," says Mr. Stephanopoulos.) A woman in a tight shirt and short skirt so offends Mr.

In the line of ire.

Aldrich he "almost wondered if I'd walked into Hooters by mistake."

Then he turns round and scores Mr. Stephanopoulos for "working hard to perfect the 'fluff' and 'casade' over his forehead."

Complaining about the First Lady's affirmative action efforts, which he describes as favoring "tough, minority, and lesbian women, as well as weak, minority, and gay men," he defines the difference between the Bushies and the Clintonites as "Norman Rockwell on the one hand and Berkeley, California, with an Appalachian twist on the other."

The Clinton crowd can't do anything right. "One young lady was dressed entirely in black — black pants, black T-shirt, black shoes, even black lipstick," has Agent Aldrich never been to Manhattan?

"There was a unisex quality to the Clinton staff that set it far apart from the Bush administration," he writes. "It was the shape of their bodies. In the Clinton administration, the broad-shouldered, pants-wearing women and the pear-shaped, bowling-pin men blurred distinctions between the sexes."

He reports with horror that Al and Tipper Gore are Deadheads. He rushes to Mack McLarty to complain that an official uses coarse language. And coffee on the floor of the canteen sends him into a tizzy. "I took some napkins and tried to mop up the mess before someone got hurt," he writes.

Poor Agent Aldrich. He's looked at life from both sides now. □

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In many respects, the history of Zionism is co-extensive with the history of the Jewish people in the last hundred years. The intense debate between proponents and opponents of Zionism has abated only with the renewal of Jewish statehood in 1948, when world Jewry rallied in support of the newly-born state.

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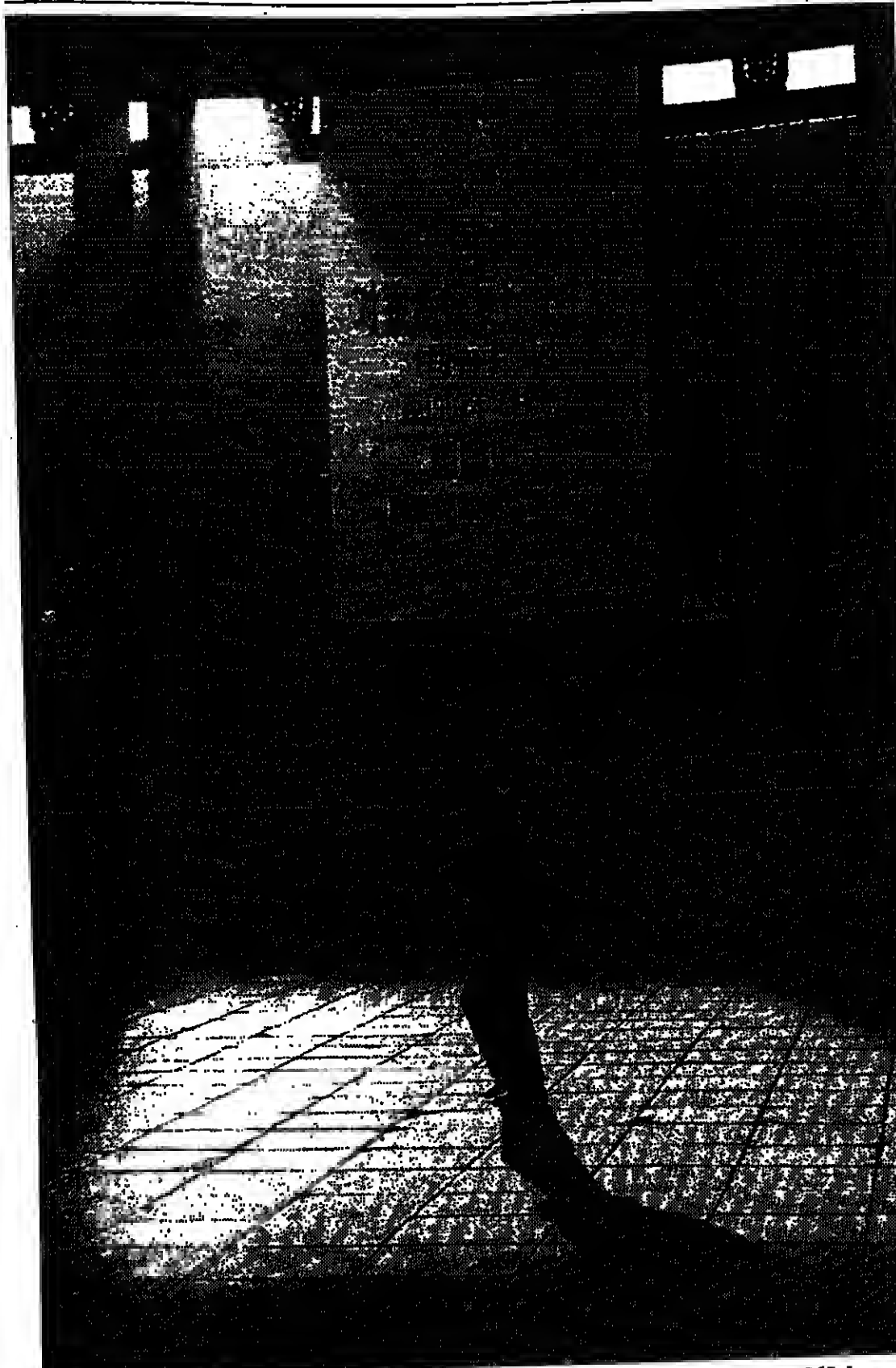
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The Op-Ed page welcomes unsolicited manuscripts. Because of the volume of submissions, however, we regret that we cannot acknowledge an article or return it unless it is accompanied by a self-addressed, stamped envelope. If manuscripts are accepted for publication, authors will be notified within two weeks.



A Chinese woman casts her shadow in front of a Beijing clock about to count just 365 days until her country regains the sovereignty of Hong Kong. (Reuters)

Hong Kong starts its final year under the British flag

IT'S now less than a year until the British flag comes down and Hong Kong rejoins China. For the Beijing regime, the handover at midnight on June 30, 1997 ends over 150 years of humiliation at the hands of "occupying barbarians." China's aging leaders have declared a two-day holiday and celebrations to mark the British departure.

Will Hong Kong people cheerfully come to the party? Tens of thousands will not. They have already left.

Others have insurance in the form of a foreign passport tucked away or a child sent abroad to establish residency.

During each of the last few years, around 60,000 people have quietly packed up and emigrated rather than face the prospect of being handed over to an authoritarian government so many risked their lives to flee.

The exodus continues, but the majority of Hong Kong's six million people, living on borrowed time in a borrowed place, have no option other than to hope for the best.

With less than a year to go, the omens are mixed for those peering anxiously into the future.

Both Beijing and London clearly want Hong Kong's astonishing success story to continue. When Britain promised in 1984 to return its wealthy, vibrant colony, China in turn promised freedoms that would be unthinkable on the mainland.

"China does not want anyone to be able to say that Hong Kong was one of the world's great success stories under British rule, and then went down the tubes as soon as China took over," wrote Richard Margolis, a former British diplomat involved in the negotiations

and now with Merrill Lynch. Hence, Chinese patriarch Deng Xiaoping's "one country, two systems" formula which promises Hong Kong considerable political and economic independence.

Hong Kong people and not Communist Party cadres from Beijing - and certainly not from neighboring Guangzhou (Canton) - will run the place. Hong Kong will maintain its independent economy and capitalist way of life for 50 years.

These pledges appear to satisfy Hong Kong's powerful business elite, which has been assiduously courted by China.

Some of Hong Kong's most prominent tycoons have been rewarded for their support with appointments to China's powerful, hand-picked Preparatory Committee charged with ensuring a smooth transition and shaping Hong Kong's first post-1997 administration.

HONG KONG'S 12-year transition has so far been a turbulent one, with London and Beijing frequently at loggerheads, most pointedly over the electoral reforms spearheaded by Hong Kong's 28th and almost certainly last British Governor, Chris Patten.

By any standards the reforms were modest. They were a response to strident demands that reached fever pitch in the wake of China's bloody crackdown on its own pro-democracy movement in 1989, an event seared into Hong Kong's collective memory.

The pro-democracy lobby, which grew out of the shattered illusions following the crackdown, was not mollified.

But China exploded in fury. The reformed legislature goes the moment the British leave. In its place, an appointed interim body will serve for a year or so until elections are held under a format that meets Beijing's approval.

Hong Kong's human rights laws, another product of Patten's stewardship, would be watered down. "They were always deeply, deeply suspicious of the slightest change proposed by us," said a former senior Hong Kong government official who took part in a numbing series of negotiations when China objected to a new Hong Kong airport.

"They were convinced that all we wanted to do was to empty the kitty by dumping the reserves in the harbor.

The democracy movement is expected to protest with its usual vigor. It was pointedly excluded from the Preparatory Committee and is suspicious China plans to use the provisional legislature's brief tenure to snuff out cherished freedoms.

Some have talked of occupying the legislative chamber, others of street demonstrations.

Much then hinges on how Beijing, which is not used to being so rudely challenged, responds, and how Hong Kong, grown used to London's long leash, reacts.

DeGolyer sees the handover itself as the critical point, when the dangers of a disastrous clash are at their highest.

"The possibility for events to spiral rapidly out of control in circumstances of darkness, high emotions, low trust, and official uncertainty cannot and should not be underestimated," he said. (Reuters)

Compromising to keep the Jewish people as one

The Jewish Agency resolves to preserve unity by maintaining the Law of Return and the 'current situation,' reports Marilyn Henry

IN what was called a "historic" vote laden with symbolism, Jewish peoplehood prevailed over politics as world Jewry voted this week for *An Ehad*.

The Jewish Agency concluded its annual assembly last Wednesday in Jerusalem with a unanimous vote calling for the "preservation of the unity of the Jewish people."

Israeli and Diaspora Jews - the religious, secular and political pariahs - passed a resolution that would preserve that unity with a call to maintain the Law of Return and the "current situation."

The impetus came from Diaspora fund-raisers, who have been struggling to maintain American financial support for the Jewish Agency. The broad resolution was expected to simultaneously help bolster Diaspora fund-raising, to express Diaspora fears about the status quo to the new Israeli government, and to boost the prospects of the Reform and Conservative movements in Israel.

"The issue is not new. That we responded is not new," said Shoshana Cardin, president of the United Israel Appeal. "What is new is the unanimity, the wall-to-



Ades: Different interpretations

wall recognition of *An Ehad*."

Getting that recognition was far from painless. Wednesday's debate lasted nearly two hours and became ensnared in confusing parliamentary rules as organizers hustled among 400 delegates to find compromise language that would soothe all sides.

"Not everyone is going to feel that we achieved a milestone," said Alan Ades, president of United Synagogue of Conservative Judaism. Along with the Reform movement, the Conservatives had backed a stronger statement.

Nor are those who are feeling flush with victory necessarily cel-



Cardin: 'We can overcome differences.'

brating the same thing. "I am still not sure my interpretation of the 'current situation' is the same as the other side," Ades said after the vote.

The resolution urges the government to abstain from legislation that would change the "current situation," which, for some, was the code word for "status quo." The assembly deleted specific references to "status quo," "pluralism" and "other issues [that] may estrange major parts of the Jewish people from their linkage to the nation, to their culture and the Jewish state."

"The resolution may be benign in its language, but this is historic," Rabbi Uri Regev, a leader of the Reform movement in Israel, said in an interview before the vote.

The vote "showed that the various segments [of the Jewish world] were willing to compromise, to be sensitive to each other's needs and concerns," Cardin said. "I think it showed that we can overcome many differences."

The non-Orthodox "are recognized as part of the Jewish people," she said.

PLURALISM IS a two-way street. Non-Orthodox Diaspora Jews, still smarting from the 1988 debates on "Who is a Jew," continue to press for recognition from the Israelis, and have become quite edgy since the May election. They fear that Prime Minister Binyamin Netanyahu may make concessions to the Orthodox parades in building his government. In turn, many Israelis seek the legi-

macy that American Reform and Conservative Jews seem to take for granted in the US.

"Don't put geographic boundaries on the principle of pluralism," Regev told the delegates before the vote. "Please don't think that pluralism is good in Toronto, New York and Buenos Aires, but not in Jerusalem or Tel Aviv."

It is only recently, some observers said, that Israelis are grasping the American idea of pluralism. But many seem to misunderstand the set of voluntary circumstances that promote alternative forms of religious belief and practice.

Pluralism is enshrined in the US, which has a strict separation of church and state. In the free-for-all of American society, the authority and legitimacy of the clergy comes from the bottom, from the acclamation of the individual congregations. The role of the state is largely passive; it does not stand in the way of what the congregations choose.

Observers noted that in Israel the non-Orthodox have far to go in building the kind of popular support for their movements that is the power of their American counterparts.

Others noted that the American Jewish community itself struggles mightily with the question of pluralism. "This problem [of non-Orthodox recognition] is not unique to Israel," said Ades. "This will be a serious issue for the rabbis, and their congregations and therefore for us," Wexler said.

the Diaspora." While pluralism is the vaunted US political creed, religious pluralism also is the fault line for the American Jewish community. "The word pluralism today from our point of view is a battle cry," said Mendy Ganchrow, president of the Orthodox Union, the congregational wing of mainstream American Orthodoxy. "The Orthodox world cannot accept pluralism."

Coalitions or umbrella groups that include all religious streams traditionally have been forced to skirt any position on the issue because they simply cannot agree.

When the subject of pluralism inadvertently reaches the table, it wreaks havoc on American Jewish organizations. Last year, for example, Orthodox groups suspended their activities within the American Zionist Movement after a "procedural mistake" put the Zionist group on the side of pluralism.

The assembly's vote, then, might serve as a reminder to the Americans, as well. "The perception that we've reached agreement will enhance our ability to work together in the US," Ades said. "I hope this will lead to greater tolerance."



Ganchrow: 'Pluralism' is a battle cry.

Some delegates also hoped that the resolution would disentangle UJA fund-raising from Israeli politics. Many American Jews vote with their checkbooks, using UJA as the vehicle to express their sentiments about Israel.

An estimated 80 percent of UJA contributors are Reform or Conservative, said Richard Wexler of Chicago, the national chairman of UJA. When the "Who is a Jew" debates surfaced, many expressed their profound displeasure with Israeli politics by cutting their contributions to UJA.

"This will be a serious issue for the rabbis, and their congregations and therefore for us," Wexler said.

Don't waste waste, say environmentalists

EARTHLY CONCERNS
D'VORA BEN SHAUL

SWITZERLAND buries only about 12 percent of its garbage, the rest is recycled and, in the case of organic materials, composted.

Japan buries 19 percent. Both countries impose stiff taxes on companies that produce products in containers or packages that cannot be recycled.

In Israel, however, a full 96 percent of solid waste goes to the local garbage dump where it is burned or buried.

Burying uses up otherwise valuable land in a land-poor state such as ours, and burning (not modern incineration but open-pit burning) pollutes the air for kilometers around and produces a variety of dangerous gases, many of them linked to emphysema, asthma and even cancer.

It isn't that the citizenry of Israel is opposed to recycling. In fact wherever pilot projects, such as in Kiryat Tivon and in Yavne, have been instituted the response has been overwhelmingly supportive.

It is not Israeli citizens but successive governments from 1948 until now that have ignored these issues. The Ministry of the Interior is the directing agency for municipalities and for local and regional councils but proper waste disposal is so low on their priority list that one can't even find it.

The ministry claims that "recycling has not proven itself to be an efficient way of disposing of waste," although every country that has instituted a proper recycling program says that it is very successful.

The ministry also claims that "recycling has not shown itself to be economically sound." But the places that use it find it can even be made into a profitable activity. They also say that the public

wouldn't support a system of garbage separation even though pilot projects and every past attempt to get public support have succeeded.

In fact burial - rather than other disposal methods - is subsidized by the government since Israel charges the municipalities and councils only NIS 22 per ton for disposal while countries that have tackled the problem charge at least 10 times this per ton.

The NIS 22 charged here is only a small part of the actual cost so it is no wonder that municipalities and councils choose to ignore the "Collection and Disposal of Waste for Recycling" law that was passed by the Knesset in 1992 and which obliges them to set up facilities and programs for recycling solid waste.

Other countries have demanded that locally produced and imported items be packaged in recyclable material and have encouraged the reduction of unnecessary packaging. For instance, many types of tuna have both a tin and a cardboard box even though the information necessary can all be printed on the tin.

Excess packaging and non-recyclable packaging are taxed in more "enlightened" countries. There is now a proposed law here called the "bottle bill" that is actively supported by the Union for Environmental Defense and other environmental pressure groups that would require all bottles and other containers to be returnable against a deposit and that would impose a surcharge on non-recyclable packaging.

The bill has already received the support and approval of the Knesset Economic Committee and will be voted on in the new Knesset.

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BUSINESS & FINANCE

Current-account Meridor: Privatization gap up 25% in first quarter is in workers' interest

Jerusalem Post Staff

THE current-account deficit expanded during the first quarter by 25 percent compared with the same period last year, the Central Bureau of Statistics reported yesterday.

The deficit, which gauges the difference between goods and services which entered and exited the local economy, reached \$1.5 billion during the period, compared with \$1.2 billion during the same quarter last year.

The deficit's growth was accompanied by a \$700,000 expansion of the economy's lia-

bilities abroad, which could not be matched by an \$100,000 total of net foreign investment here.

The country's overall foreign debt totaled \$19.4 billion, while imported goods and services reached \$10.2 billion, compared with \$9.2 billion during the same period last year.

The bulk of growth was registered in the import of goods. Exports of goods and services climbed \$800,000 to \$7.5 billion, while unilateral transfers rose \$100 million to \$1.4 billion.

In all, the government's foreign debt expanded \$600,000.

FINANCE Minister Dan Meridor told reporters yesterday that the government's privatization plans would not only not harm workers, but would benefit them.

Speaking after the cabinet's first broad discussion of the economy, Meridor hinted that with all the difficulties they entail, public sector cuts will be easier to achieve than private sector cost-cutting measures.

Cabinet ministers were not told what budget cuts would be imposed in the framework of a new economic slow-down plan, which the cabinet began discussing yesterday.

Meridor promised before the meeting he would not go into specifics, but he did predict a budget deficit of NIS 5.5 billion for the first half of the year.

Prime Minister Benjamin Netanyahu told the ministers they received "a very difficult inheritance from the previous government," and accused Labor of having played "election economics" for the last two years.

"We promised the public we would run a responsible and liberal economic policy. The only way to do this is by budgetary cuts," he said.

Meanwhile, thousands of workers are to hold hour-long work

stoppages to protest plans to speed up the privatization process.

Questioned about possible reductions in incentives for foreign investors Meridor said, "The figure has been very impressive in recent years, 25 percent of GDP, but is the current encouragement the most effective, and what levels do we need?"

Those present at the meeting said afterwards that ministers asked questions, but did not raise objections to the outline proposals. Both Netanyahu and Meridor called on the ministers to cooperate with the policy, with Meridor stressing the notion of collective responsibility.

"For the time being, they [the ministers] listened to the policy, and I hope this will be the policy for the new government," Finance Ministry Director-General David Brodet said after the meeting.

Warnings were issued, however. While Meridor has repeatedly promised to do his utmost to prevent the poor from being hit by cuts in public spending, Foreign Minister David Levy said he will oppose any steps that affect the needy.

Brodet predicted a 1% growth in public consumption next year

despite the planned cutbacks.

Bank of Israel Governor Jacob Frenkel also addressed the cabinet session and largely backed Meridor's remarks. Denying the balance-of-payments deficit and inflation - which stood at 4.5% for the first quarter - Frenkel called on the government to implement significant cuts in expenditures.

Labor responded that the outlined policies will set education, employment, and housing back five years.

"The Netanyahu government is selling the future, and worse than that, reducing the quality of life in Israel to bow it was at the end of the '80s," Labor MK Nissim Ziv said.

Meanwhile, MK Shmaryahu Ben-Tzur (NRP) called for the immediate reconvening of the Knesset Education Committee to discuss possible effects of budget cuts on education. With the ink not yet dry on the government's campaign pledges, it is already looking for ways to get out of them, he said.

It is still not clear when Meridor will initiate a debate on ministerial allocations, but last night he was to hold further talks with Netanyahu to discuss proposals in more detail.

Gaon: Let TASE firms trade in own shares

GALIT LIPKIS BECK

THE government's imminent economic moves should include measures that would boost Tel Aviv's lagging capital markets, as well as a significant budget cut, a depreciation of the shekel, and acceleration of the privatization process, CEO of Koor Industries Benny Gaon said yesterday.

Gaon, who openly supported Labor during the election campaign, said he was confident that Prime Minister Benjamin Netanyahu would continue the peace process.

He also expressed his support for Finance Minister Dan Meridor.

Gaon recommended Meridor take measures to encourage foreigners to invest in the local capital market and help strengthen it. The government, he suggested, should allow firms to trade in their own

shares, as is permitted in the US.

Today, the Securities Law does not enable a company traded on the Tel Aviv Stock Exchange to buy its own shares on the market, mainly because the majority of firms in the country are undercapitalized.

Letting a company purchase its own shares can reduce its public ownership, since it minimizes the shares available to the public. This can create higher demand, which usually results in rising share prices.

Other measures Gaon proposed to boost the capital markets include increasing the dividend funds' involvement in the market and removing the fears regarding capital-gains taxes.

As for the budget, Gaon called on Meridor to cut it by NIS 5 billion.

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As for the budget, Gaon called on Meridor to cut it by NIS 5 billion.

Survey: Fewer than 10% of directors are women

DAVID HARRIS

FEWER than 10 percent of the directors of public companies are women, according to a survey of 700 firms conducted by the Manufacturers Association.

The research was carried out prior to today's association meeting which will be devoted to the appointment of women to company boards.

The study, conducted in con-

junction with sociologists at the Hebrew University of Jerusalem, suggests that half of the women directors are major shareholders with a family interest in firm they head.

Most women in directorial posts tend to be Ashkenazi and from the middle classes.

According to the survey, those who did not reach their positions due to family connections, chose their career to fulfill their aspirations and to gain a sense of security and social status through their work.

Among the 70 participants in today's meeting will be Ronit Silon, chairwoman of the forum of female directors in industry, and Ronit Avramson, former legal adviser to the Government Companies Authority and a current member of the government companies' appointments committee.

Israel to become regional hub for Germany's Henkel

GALIT LIPKIS BECK

HENKEL has decided to focus its regional investment activity in Israel, Dr. Uwe Specht, executive vice president of the German concern said yesterday. Specht was here to sign a strategic pact with Soad, a Shemen Industries subsidiary. He expressed his company's confidence that the peace process would continue despite the recent change in government, adding that the Middle East is becoming a major growth area, with vast potential for fast-moving consumer goods, such as household and personal-care products.

According to the agreement, Henkel will invest \$7.5 million in acquiring 50 percent ownership in Shemen, while will be renamed Henkel-Soad. The investment will concentrate on increasing

Shemen's production capacity and expanding its marketing system, as well as introducing Henkel's products locally.

Henkel, which manufactures chemicals, cleaning agents, detergents, cosmetics, toiletries, and beauty accessories, is one of the world's top four chemical firms, with an annual turnover of over \$10 billion. Among its 15,000 products are Persil detergents and Thompson's house cleaning products. The company had a net income of \$330 million in 1995.

Soad is a general brand name for a series of cleansing and cosmetics products, including Soad detergent powder, Zebra and Flooride toothpastes, and Hawaii soap and shampoo. The compa-

ny's sales last year totaled some \$40 million.

Shemen Chairman Alex Ferling said Henkel-Soad will continue to market Soad's products here and in neighboring countries. In addition, the company will be the sole local manufacturer and distributor of Henkel products. Ferling predicts the new firm will double sales by 2000.

Benny Gaon, CEO of Koor Industries - Shemen's parent company - said the agreement is part of the group's strategy to cooperate and sign partnership agreements with leading international companies.

"We expect that Shemen will become a leading group not only in cleansing products but also in other aspects related to the food industries," Gaon said.

Bezeq restrained by Indian court

JUDY SIEGEL

BEZEQ has received restraining orders from the Indian Supreme Court against India's Telecommunications Authority, which failed to present within a year all documents relating to a public tender in which Bezeq was one of the winners.

One of the terms of the tender for developing telephone infrastructure in several large Indian districts was a bank guarantee for \$8 million; in exchange, the Telecommunications Authority committed itself to supply all agreements relevant to the tender. But a year later Bezeq - and other members of the consortium that won the tender - have not received even a draft of the tender agreement. According to unofficial information that has reached the consortium, significant changes have been made in the initial terms it was presented with when applying to the tender.

India's Telecommunications

Authority has asked the consortium to extend its guarantees for another three months. Bezeq said that even though there is no legal basis for such a request, the consortium decided to do so, to continue its participation in the tender - on condition that the Indian authorities meet their commitments.

But when the authority acted unilaterally to cash the \$8 million guarantee; the consortium decided to ask for restraining orders, which were handed down Wednesday by the Indian Supreme Court. The orders will bar such a transaction.

The press in India has voiced strong criticism of the telecommunications authorities for delay in carrying out infrastructure development. They also claimed the new conditions of the tender are much less attractive to outside investors than the original ones.

Italian firm wants to build Egypt-Israel gas line

JUDY SIEGEL

ITALY'S state gasoline company wants to invest in the construction of a natural gas line between Israel and Egypt. The company, ENI, is the world's largest firm for the use and distribution of gas and petroleum for industrial purposes.

A company representative expressed interest in such a project at the Bi-National Italy-Israel Conference on natural gas held last week at Haifa's Technion.

The conference was held due to contacts between the Technion and its Milan counterpart. Since last year, the two institutions have exchanged lecturers and students; Italian and Israeli industries have also joined forces in joint applied-science research.

An ENI representative in Egypt said his firm buys natural gas from Algeria, Russia, and Egypt and would like to bring its experience here. He said he is aware the Energy Ministry already has a plan to import natural gas from Egypt via a pipeline. ENI hopes the gas conduit will be "a pipeline of peace."

BUSINESS BRIEFS

Mediaset shares on sale this week: Shares in former prime minister Silvio Berlusconi's television company Mediaset go on sale this week at 7,000 lire (\$4.57) per share in one of Italy's most high-profile flotations.

The Italian investment bank, IMI, announced the price at the weekend before the July 2 start of the offer for Mediaset, which owns three nationwide television channels and Italy's largest advertising company Publitalia.

IMI said the price, which was near the top of a 6,000 to 7,200 lire range already announced, had been fixed "taking into account the level of interest expressed by foreign and Italian institutional investors and the requests which have already arrived from Italian savers."

At 7,000 lire the 20 percent stake on offer is worth 1.77 trillion lire.

'Kirch bids for World Cup screening rights': Bavarian media mogul Leo Kirch and Sports-Holding of Switzerland have bid around 3.4 billion marks (\$2.23 billion) for broadcasting rights to the 2002 and 2006 World Cup soccer championships, the German magazine Focus reported.

In an advance release of an article to be published today, Focus said Kirch's offer exceeded by 600 million marks a bid for the rights submitted by the European Broadcasting Union, or EBU, on behalf of national state networks.

FIFA, soccer's world governing body, will reveal the outcome of the bidding battle next Wednesday in Zurich, the magazine said. Digital TV rights were not included in the package.

The Kirch group was unavailable for comment on the report.

Government cracks whip on Algerian ailing industry: Algeria's Prime Minister Ahmed Ouyahia yesterday opened a two-day meeting with banks and industry officials to try to rescue state-owned companies from collapse after continuing bad performances.

The meeting at the Palais des Nations near Algiers was called by the government after the 2.1 percent first-quarter drop in industrial production compared to the same period last year, officials said.

Ouyahia has already warned that state industry must become more efficient through "rationalizing management and profitable use of their human, material and financial resources."

He told the meeting it must "transcend polemics and criticism" and come up with "realistic, efficacious and rational solutions," the Algerian official news agency APS said.

Air France chief set to decide fate of Europe unit: Embattled Air France chairman Christian Blanc faces a key employee meeting on Thursday when he is expected to decide the fate of the state airline's domestic unit, Air France Europe.

Six pilots' unions of Air France Europe, formerly Air Inter, were due to reply to Blanc's deadline by midnight last night on signing new contracts which would cut salaries by 15 percent and align them with their counterparts in the parent company.

The airline canceled all its flights on Friday following a strike that day by five of the six unions. The stoppage stranded 65,000 passengers and cost the airline up to 20 million francs (\$4 million).

A spokeswoman for the Air France group said Air France Europe would not make any announcement on the pilots' response until Thursday, when a strike committee meets Blanc.

Bonn plans toll charges for "mega" road projects: Germany is considering levying tolls on drivers for the use of privately-financed "mega-projects" such as expensive bridges and tunnels, Transport Minister Matthias Wissmann said yesterday.

In an interview with NTV television, Wissmann said the government would consider charging tolls in around 12 projects such as the extension of the tunnel under Hamburg's Elbe river and the Engelberg tunnel in Stuttgart.

Wissmann stressed that there were no plans to impose tolls on motorways throughout Germany.

The transport minister also said the government planned to sell its stakes in the Hamburg and Cologne/Bonn airports, but did not specify when.

Check Point soars 71% in first day of Nasdaq trading

SHARES of Check Point Software Technologies, a Ramat Gan-based maker of software that protects computer information, soared 71 percent in its first day of trading on New York's Nasdaq exchange last week.

The shares closed at \$24, up \$10, after having reached 243/8, a jump of 74%. Almost 5.5 million shares were traded, ranking it the seventh most-active US issue.

The three-year-old company's initial public offering was priced at 14 by underwriters led by Goldman, Sachs and Co.

Check Point and its shareholders sold 4.2 million shares, and about 32.7 million shares will be outstanding after the offering. Officers and directors will hold 43% of Check Point after the sale.

The price of 14 valued the company at \$458 million.

The problem Check Point addresses is simple: when a computer connects to the Internet, the system becomes open to intruders. Check Point's products, sold under names including Firewall 1, are designed to prevent such unauthorized access.

First-quarter net income at Check Point quadrupled to 8 cents a share, as revenue tripled to \$4.8 million. For all of 1995, it earned 14 cents, against break-even in 1994. Sales leaped to \$9.5 million, from \$794,044 (Bloomberg)

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ISRAELI MONEY MARKETS			
Patch (foreign currency deposit rates), (20.6.96)			
Currency (deposit for)	3 MONTHS	6 MONTHS	12 MONTHS
U.S. dollar (\$250,000)	4.82%	4.87%	5.37%
Pound sterling (£100,000)	4.03%	4.00%	4.25%
German mark (DM 200,000)	1.87%	1.87%	2.57%
Swiss franc (SF 200,000)	1.00%	1.00%	1.50%
Yen (¥1 million)			

(Rates vary higher or lower than indicated according to deposit)

Shekel Foreign Exchange Rates* (27.6.96)				
CURRENCY BASKET	CHECKS AND TRANSFERS		BANKNOTES	
	Buy	Sell	Buy	Sell
U.S. dollar	3.5612	3.5085	3.12	3.15
German mark	2.2827	2.1192	2.04	2.15
French franc	4.3024	4.3815	4.81	4.96
Japanese yen (¥100)	0.1658	0.1625	0.10	0.14
Dutch guilder	2.9102	2.8572	2.85	3.00
Swedish krona	1.2577	1.2871	1.22	1.24
Swiss franc	2.5220	2.5488	2.48	2.51
Spanish peseta	0.4803	0.4881	0.47	0.50
Australian dollar	0.6575	0.6555	0.47	0.51
Denmark krone	0.5401	0.5488	0.53	0.56
British pound	0.8853	0.8954	0.87	0.91
Canadian dollar	2.2332	2.2758	2.23	2.41
Italian lira (1,000)	2.5000	2.5488	2.48	2.58
S. African rand	0.7345	0.7484	0.68	0.75
Belgian franc (10)	1.9119	1.9252	1.88	1.92
Austrian schilling (10)	2.9238	3.0088	2.90	3.05
Portuguese escudo	2.0705	2.1039	2.05	2.14
Japanese yen (100)	0.0149	0.0152	0.01	0.01
Egyptian pound	0.0435	0.0472	0.00	0.00
ECU	3.6435	3.1278	4.45	4.88
West part	2.4759	2.5158	2.43	2.58
Spanish peseta (100)				

* These rates vary according to bank. ** Bank of Israel.

SOURCE: BANK LEUMI

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Key Representative Rates

US dollar	NIS 3.2050	---	%
Sterling	NIS 4.9774	---	%
Mark	NIS 2.1028	---	%

Gold leads precious metals loss

COMMODITIES ROUNDUP

FRIDAY'S precious metals futures ended with solid losses, with gold leading the complex lower into the close amid concerns about possible IMF gold sales.

August gold ended down \$2 at \$381.60. September silver closed 0.50 cent lower at \$5.035 per ounce. Platinum and palladium ended mostly weaker, with October platinum steady at \$393.30 and September palladium 50 cents lower at \$134.25.

Copper futures ended with modest gains on the day, but off session highs achieved in earlier trade, which was boosted by a larger-than-expected decrease in LME warehouse copper stocks. Profit-taking later in the day kept prices from maintaining the day's high.

At the close, July copper futures were up 0.05 points at \$9.185 and September copper futures were up 90 points at \$90.40.

Commodity rallied at the close, with contracts ending at or near their highs as the nearby markets went to "fast" trade. Wheat closed steady to marginally weaker, not far from session highs.

Some noted general buying came into the market on the close in the grain sector as new-crop corn found strong buying support but generally lacked compared with old-crop. Weekend weather conditions called for hot temperatures with no moisture. Wheat likely found support from short covering.

July corn closed 343/4 cents higher, in a new contract high of \$5.61 1/2 per bushel. July wheat ended steady at \$4.78 1/2 per bushel.

The corn rally gave soybeans room to move higher at Friday's close, with heavy buying interest in the new crop. Sources said general buying helped the market move back to its highs at a choppy, but firmer mid-session trade.

The July soybean futures contract settled up 18 at \$7.73 1/2 per bushel.

Wheat futures settled with significant losses after reversing from early gains. Sources said the ability to hold the early strength a bullish acreage report shows ears are still in control of the market.

July ranged between 73.45 and 70.65 cents and settled points lower at 70.65 cents per bushel.

July and October world sugar futures settled lower on the day in a choppy session in which July contract went off the market after the close. The October contract settled 26 points lower at 15 cents per pound.

September coffee futures settled higher on the day on mixed buying, with the futures contract closing 225 points higher at \$1.21 45.

September cocoa contract settled \$14 lower on speculative liquidation, closing at \$1,384 per ton.

—*Investment of Michael Zwebner, IronStock Trading Ltd.*

Skeptics doubt Japan economic data

TOKYO (Reuters) - Private economists and policy makers pondering the health of Japan's mighty economy are finding their jobs made tougher by doubts about whether official data really mean what they seem to say.

Such doubts were revived by recent shockingly strong growth figures, but some critics say problems plague many of the data used to assess how Japan's economy is faring - a vital task as policy mandarins seek to ensure the nation's long-awaited recovery stays firmly on track.

"Talk has been taking place for some time about the accuracy of (Japan's) economic statistics, and if you look at the details and the breakdowns, there are some statistics that are not very convincing," said Takashi Kiuchi, head of research at LTCB Research Institute. "So we have a problem."

Financial markets were jolted and economists stunned when the government's Economic Planning Agency (EPA) announced on June 18 that the nation's gross domestic product (GDP) had grown a startling 12.7 percent on an annualized basis in the first three months of this year.

The hefty growth figures were far above the most bullish private forecasts and rekindled speculation, later dampened by other less robust data, that Japan's central bank might soon raise interest rates from current rock-bottom.

While some private economists later said they should have been able to forecast the robust GDP figures more accurately, others charged the official data were more fiction than fact.

Many economists agree GDP data accuracy is undermined by several factors, including the nature of its household survey, which covers only family units and excludes single persons.

"We think the sample is somewhat biased in that it over-represents civil servants and salaried workers and under-represents single persons and the younger generation," LTCB Research's Kiuchi said.

G7 puts up wide agenda for world trade summit

LYON, France (Reuters) - Leaders of the world's top seven industrial powers this weekend put forward an ambitious agenda for the first ministerial meeting of the fledgling World Trade Organization (WTO) at the end of this year.

And signaling their commitment to the Geneva-based body, they brought their chief Renato Ruggiero into their deliberations and pledged to observe the global free-trade rules the WTO was launched in January 1995 to administer.

"This summit has been a real boost for the WTO," said the 121-member organization's outgoing information chief David Woods. "There was clear recognition of the key role it must play in developing the global economy."

"We place a high priority on an efficient, dynamic, respected and open multilateral (trading) system," a statement from the Group of Seven - the United States, Britain, Canada, France, Germany, Italy and Japan - declared.

In a formal statement, they also reaffirmed "the central role of the WTO and the pre-eminence of multilateral rules."

The seven proposed ministerial session in Singapore in December should look at expanding its agenda to look at links between

trade and investment and trade and competition policy.

They also suggested it should explore new initiatives aimed at reducing tariffs on industrial goods - extending the average one-third cuts agreed during the seven-year Uruguay Round negotiations that also created the WTO.

But they held back from calling for general discussion in Singapore of the potentially explosive issue of writing core labor standards into trade rules - an idea vehemently opposed by developing countries.

Both the US and France - as well as the European Union as a whole - are keen to get the trade-and-labor link into the WTO work program.

However, Britain's Conservative government is opposed, arguing together with emerging economies in the WTO that it smacks of "protectionism" or a desire by the richer countries to shield their markets from cheaper goods from poorer states.

How far the pledge to keep to the WTO rules would be observed was unclear. Washington's trade partners around the world have unanimously accused it of violating them with measures to isolate Cuba, Iran, and Libya.

But the US insists WTO accords allow it to take measures to defend "national security" and is preparing to defend this stance at the organization's Dispute Settlement Body - the WTO court.

Addressing one of the areas where the WTO has so far failed to make progress, the leaders said they were resolved to complete all current negotiations on trade in services.

Three service areas - telecommunications, finance and banking, and merchant shipping - were set aside at the end of the Uruguay Round in December 1993 for further talks which by now should have been completed.

But insistence by the US on better market opening offers from major developing countries in all three sectors have effectively aborted global accords.

During the Lyon meeting, the EU - which speaks for all its 15 members in the WTO - joined the US, Canada and Japan in agreeing to try to shape a telecoms agreement by a new date, next February.

And the entire G7 said they would relaunch talks in Singapore on financial services "so as to reach significant, balanced and non-discriminatory liberalization commitments by December 1997."

Canada plans to retaliate against US anti-Cuba law

PARIS (Reuters) - Canada said on Saturday it would press ahead with plans to retaliate against a US law seeking to curb trade with Cuba unless President Bill Clinton waived portions of the act aimed at foreign investors.

"It's certainly our intention to go ahead," Foreign Minister Lloyd Axworthy told Reuters at the end of a three-day Group of Seven summit of wealthy industrialized nations in Lyon. "But we're really hopeful he (Clinton) will give us the waiver."

Canada spearheaded opposition at the talks to the US law, getting strong backing from its G7 allies - France, Germany, Canada, Britain, Italy and Japan, Canadian officials said.

"I got the sense they (the US) were really listening hard," Axworthy said. "When virtually everyone saying you're doing the wrong thing, you have to start listening."

The act tightening the US embargo against the communist Caribbean island was passed after Cuba shot down two US light planes in February.

The law gives Cuban-Americans the right to sue foreigners investing in property confiscated from Cuban exiles after the 1959 Communist revolution.

Under the proposed Canadian retaliatory measure, Canadians could counter sue in Canadian courts to recover damages awarded by US courts under the Helms-Burton Act, named after its Republican sponsors.

Asked about US claims that they felt no pressure at the summit from their G7 allies to change their stand, Axworthy replied, "I guess it's all in the eye of the beholder."

Analysts say Japanese steel slump ending

TOKYO (Reuters) - Japan's bellwether steel industry may soon emerge from a five-year slump, and is in a good position to help power the nation's nascent economic recovery, industry analysts said on the weekend.

They said that steelmakers have worked about inventory adjustment and are likely to correct prices," Hiranuma said. "They often find it difficult to go ahead with a serious production cut for fear that imports may replace domestic products. But there's no such fear now."

Prices of Brazilian steel, for example, are rising and South Korean steel prices are seen as too low to be profitable for that nation's producers in the long run, analysts said.

An analyst at the Yamaichi Research Institute of Securities and Economics said he expects Japan's inventory adjustment will be over by the end of September and crude steel output to the three months to December will be 25m tons.

Merrill Lynch analyst Hiroyuki Suzuki, however, had a more pessimistic view.

"I don't think inventory adjustment will end within this business year (to March 31, 1997). Output will start picking up in the first half of 1997/98 at the earliest," Suzuki said.

Analysts said the level of overseas demand would remain the key factor in the industry's improvement because domestic demand for steel was not rising much despite the improving economy.

Market up as Teva rebounds

STOCK indexes rose after four days of declines, following gains in local companies traded in New York, including Teva.

"The market is driven by Wall Street's behavior," said Eli Nahum, head of trading at Zannex Securities.

Maof Index-listed Teva rose 3.25 percent following gains in Teva's American Depository Receipts, which rose to 377 1/2 Friday, from a six-month low of 343 1/2 Thursday.

Teva's shares rose after it said 1996 sales by its American generic drug unit Lemmon would exceed last year's total. Investors had questioned generic drug firms' earnings after the US-based Ivax said on Thursday its earnings would fall as generic drug prices slumped.

The Maof Index rose 1.01% to 201.10 and the Two-Sided Index rose 1.02% to 197.88. Of 987 shares trading across the index, more than twice as many shares rose as fell and NIS 74.5 million shekels worth of shares changed hands.

Gaining Maof Index-listed companies included IDB Holdings, the exchange's most active share, which rose 7.25%.

The reason for the increase in IDB was due to speculation that entrepreneur Sief Wertheimer sought to increase his stake in the company, Nahum said. "It might be that he didn't even buy anything, but just wanted to buy shares," he said.

Wertheimer, chairman of Iscar, bought a stake in IDB Holding last month.

IDB vice president Dalia Lev said the company had received no notice regarding who may be purchasing the shares.

If the buyer is Wertheimer, he must report the purchase by tomorrow morning according to trading regulations, a spokesman for the Securities Authority said.

Other shares rising following gains in stocks traded in New York included Koor Industries, which rose 0.75%. Koor's ADRs rose to 17 1/4 on Friday, from a life-low of 16 3/4 on Wednesday. (Bloomberg)

TEL AVIV STOCKS

Multi-sided trading				Two-sided trading			
Name	Price	Change	%	Name	Price	Change	%
Bank Leumi	170.00	-0.50	-0.3	Bank Leumi	170.00	-0.50	-0.3
Bank Hapoalim	120.00	-1.00	-0.8	Bank Hapoalim	120.00	-1.00	-0.8
Bank Mizrahi	100.00	-0.50	-0.5	Bank Mizrahi	100.00	-0.50	-0.5
Bank Discount	80.00	-0.20	-0.25	Bank Discount	80.00	-0.20	-0.25
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Bank Mizrahi	100.00	-0.50	-0.5	Bank Mizrahi	100.00	-0.50	-0.5
Bank Discount	80.00	-0.20	-0.25	Bank Discount	80.00	-0.20	-0.25
Bank Hapoalim	120.00	-1.00	-0.8	Bank Hapoalim	120.00	-1.00	-0.8
Bank Leumi	170.00	-0.50	-0.3	Bank Leumi	170.00	-0.50	-0.3
Bank Mizrahi	100.00	-0.50	-0.5	Bank Mizrahi	100.00	-0.50	-0.5
Bank Discount	80.00	-0.20	-0.25	Bank Discount	80.00	-0.20	-0.25
Bank Hapoalim	120.00	-1.00	-0.8	Bank Hapoalim	120.00	-1.00	-0.8
Bank Leumi	170.00	-0.50	-0.3	Bank Leumi	170.00	-0.50	-0.3
Bank Mizrahi	100.00	-0.50	-0.5	Bank Mizrahi	100.00	-0.50	-0.5
Bank Discount	80.00	-0.20	-0.25	Bank Discount	80.00	-0.20	-0.25
Bank Hapoalim	120.00	-1.00	-0.8	Bank Hapoalim	120.00	-1.00	-0.8
Bank Leumi	170.00	-0.50	-0.3	Bank Leumi	170.00	-0.50	-0.3
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Bank Discount	80.00	-0.20	-0.25	Bank Discount	80.00	-0.20	-0.25
Bank Hapoalim	120.00	-1.00	-0.8	Bank Hapoalim	120.00	-1.00	-0.8
Bank Leumi	170.00	-0.50	-0.3	Bank Leumi	170.00	-0.50	-0.3
Bank Mizrahi	100.00	-0.50	-0.5	Bank Mizrahi	100.00	-0.50	-0.5
Bank Discount							

Golden Goal seals Euro '96 title for Germany

WEMBLEY (AP) - Substitute Oliver Bierhoff scored the first ever Golden Goal of the European Championship four minutes into extra time of last night's final to earn Germany a 2-1, come-from-behind victory over the Czech Republic and its third title.

Bierhoff, who scored Germany's equalizer after Patrik Berger's 57th minute penalty for the Czechs, fired a shot four minutes into the extra period.

Goalkeeper Petr Kouba got both hands to the ball but it dropped behind him and just inside his left hand post.

Juergen Klinsmann, who passed a late fitness test to take his place in the starting lineup, went up to the royal box to collect the trophy from Queen Elizabeth II as the Germans celebrated their first triumph under coach Berti Vogts.

Berger fired home a controversial 57th minute penalty after a foul on Karel Poborsky by Matthias Sammer. But Bierhoff equalized with a close range header in the 68th minute after entering the game only four minutes earlier.

The players went into extra time knowing the first goal scored would end the game and decide the title. It happened after only four more minutes as Bierhoff collected the ball on the edge of the Czech area and fired a shot that Kouba seemed at first to have saved.

While the Germans celebrated their third triumph after victories in 1972 and '80, some Czech players flung themselves to the ground in dismay.

The final, played before a close to sellout 77,000 spectators, including Queen Elizabeth II, German Chancellor Helmut Kohl and Czech Chancellor Vaclav Havel and Prime Minister John Major, sparked into life after 30 minutes of tedious play.

Czech defender Karel Rada cleared after Stefan Kuntz escaped round the back of the defense in the 34th minute and goalkeeper Petr Kouba managed to get in the German striker's way to prevent a clear shot.

Four minutes before half time, Kuntz got away again with the Czech defense hoping for an off-side flag and this time Kouba raced off his line to make a blocking save.

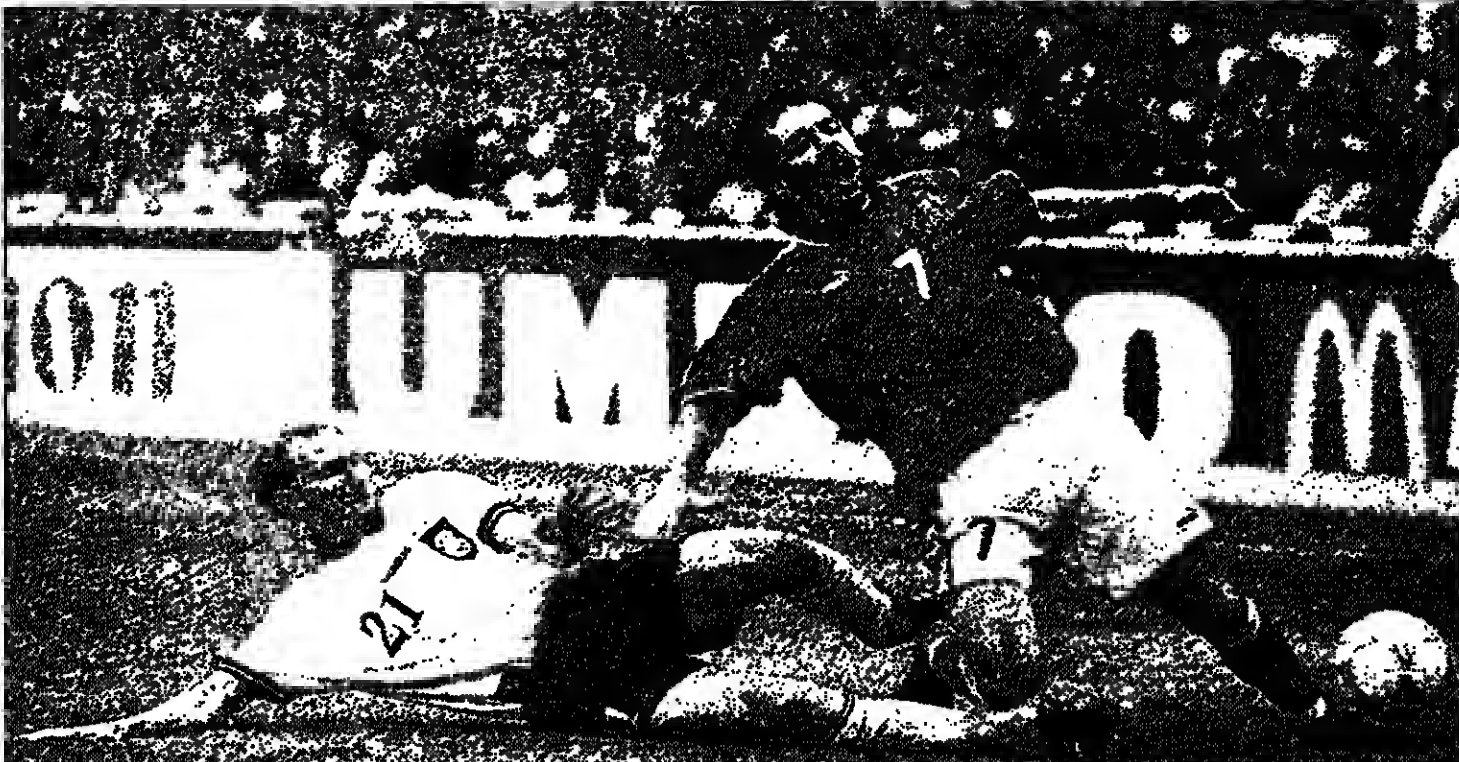
At the other end, Pavel Kuka almost but the Czechs ahead three minutes before the break when he dispossessed Dieter Elits, broke clear and his close range shot was blocked by goalkeeper Andreas Koepke.

German defender Dieter Elits was carried off with a leg injury just before the interval, Marco Bode replaced him for the second and was soon in the action.

The substitute was hauled down two minutes into the half by Michal Hornak who became the first player in the final to be shown the yellow card.

From Thomas Haessler's free kick, Bode moved cleverly into a scoring position but just failed to make contact with the cross.

Two minutes later, a slick reverse pass by Klinsmann put Mehmet Scholl in space down the right. Scholl pulled the ball back



GOING DOWN - German Dieter Elits (left) takes down Jiri Nemecek of the Czech Republic early in last night's final. (Reuters)

to the advancing Thomas Strunz whose first time 20-yard shot was high and wide.

In the 51st minute, a free kick from the right by Poborsky eluded everyone in a crowded German penalty area. Hornak arrived unmarked at the far post but failed to make contact.

Another good Czech buildup

almost brought the first goal in the 53rd minute. The ever-dangerous Kuka, one of three players returning from suspension, slipped the ball back to Berger and his first time, deflected shot was held by the diving Koepke.

Then came the Czechs' controversial penalty strike. Kuka suffered a head injury

from a high challenge from Strunz as he played the ball wide to Poborsky, but Italian referee Pierluigi Pairetto waved play on.

The Czech midfielder looked like beating Sammer for pace as he pushed the ball into the penalty area but was outside it when the German sweeper pulled him down. Referee Pairetto, who was

some 30 yards behind, gave the spot kick and Berger powered the penalty under Koepke's body to give the Czechs the lead.

Five minutes later, Thomas Helmer was fortunate to stay on the field when he blatantly blocked Kuka as the Czech striker made another run for the German goal. He escaped with a yellow card.

Hill wins French Grand Prix

MAGNY-COURS, France (Reuters) - World championship leader Damon Hill increased his margin-over Williams teammate Jacques Villeneuve to 25 points yesterday as they finished one-two in the French Grand Prix.

The victory was Hill's sixth of the season and the 19th of his career and underlined again that the Williams team, powered by Renault engines, are favorites for both the drivers' and constructors' titles.

The Briton came home 8.1 seconds clear of his Canadian colleague with Frenchman Jean Aleksi third, just 0.04 seconds ahead of his Benetton teammate, Austrian Gerhard Berger.

McLaren's Mika Hakkinen of Finland finished fifth.

It was Hill's first victory in France and came, ironically, after he had failed to win from pole position the previous two years.

This time defending champion Michael Schumacher of Germany had taken pole but he failed to start the race because his Ferrari's engine blew on the formation lap.

Thus Schumacher could not extend his run of French wins to three in succession and Hill, apart from three laps after his first pit stop, was able to lead the race from start to finish.

Local hoop teams net favorable draws for European play

ELIOT ZIMELMAN

MACCABI Tel Aviv and the rest of the local basketball teams that will play in European post-season play this coming year got relatively easy draws as the schedule was released this weekend in Munich.

Maccabi's group competition in the Champions Cup includes Limoz (France), CSKA Moscow (Russia), Stefanel Milan (Italy), Panathikos Athens (Greece), and Otkar Istanbul (Turkey). Of these teams, only Stefanel is a reigning national champion while CSKA reached last year's Final Four. Maccabi's first game is at Limoz on September 19.

Hapoel Jerusalem and Hapoel Galil Elyon will represent the county in the European Cup. Jerusalem's group competition includes Haagen (Germany), Racing Paris (France), Porto (Portugal), Afuc (Nicotia (Cyprus), and Gothenberg (Sweden). Jerusalem's first game is at Haagen on September 17.

Heading Galil Elyon's group is cup favorite, Real Madrid (Spain), while Ulm (Germany), Benfica Lisbon (Portugal), Skopje (Macedonia), and Plama Plaven

(Bulgaria) round out the group. Galil Elyon's first game is at Ulm on September 17.

The three local teams playing in the Korac Cup - Bnei Herzliya, Maccabi Rishon Lezion, and Hapoel Holon - all received byes in the preliminary round and were placed straight into group competition.

Bnei Herzliya will face off against Caselova Veraze (Italy), Varna (Bulgaria), Umonia (Cyprus), Rotzkov (Poland), and Honbad (Hungary). Herzliya's first game is at Veraze on October 2.

Maccabi Rishon Lezion's group includes Renston Zagreb (Croatia), Lavolva (France), Sparta Prague (Czech Republic), and Peshmisl (Poland). Rishon Lezion's first game is at Zagreb on October 2.

Hapoel Holon's group competition, the most difficult of the three Israeli Korac representatives, includes Bashkikash (Turkey), Spain's 1994 runner-up Unikacha Malaga, Den Helder (Holland), and Collag (Portugal). Holon's first game is at Bashkikash on October 2.

Excitement builds at Wimbledon

WIMBLEDON (AP) - At Wimbledon, tradition clashes inevitably with change, fantasy is always at odds with reality, and sunshine wages an annual duel with rain.

All that comes into play at this grassy theater of the absurd when the second week of the fortnight begins today.

On Centre Court, six-time champion Steffi Graf meets a Martina who still is no Navratilova - 15-year-old Martina Hingis.

For the dreamers in the crowd, Tim Henman takes another hit at the windmill in his quest to become Britain's first men's champion since Fred Perry in 1936. Henman has a fair enough chance against Magnus Gustafsson to reach the quarters, and that would be accomplishment enough. No British man has gone that far in 23 years. Should Henman have the audacity and good fortune win the whole thing, knighthood might await him.

If a storm doesn't blow away play, as the weather bureau predicted it might, three-time defending champion Pete Sampras also is scheduled to meet the Frenchman he beat in the 1993 US Open final, Cedric Pioline.

Expos two-hit Phillies

PHILADELPHIA (AP) - Jeff Fassero pitched a two-hitter for his first career shutout and Mike Lansing drove in the game's only run with his third double as the Montreal Expos beat the Philadelphia Phillies 1-0 on Saturday.

Fassero (8-5), who took a perfect game into the sixth, won his fifth straight decision in his second complete game of the season. He walked none and matched a career-high with 11 strikeouts.

Lansing got the game-winning RBI in the eighth when he doubled off the top of the wall down the left-field line, scoring Shane Andrews.

Curt Schilling (2-3) was the hard-luck loser, giving up five hits in eight innings.

Dodgers 13, Rockies 10
Mike Piazza hit three home runs, including a grand slam, and visiting Los Angeles won its first game under interim manager Bill Russell, holding off a late Colorado rally.

Piazza had six RBIs as the Dodgers ended a four-game losing streak under Russell, who is filling in while manager Tommy Lasorda recovers from surgery following a heart attack.

Piazza's third homer, a solo shot in the eighth, put the Dodgers ahead 13-0 before the Rockies rallied with eight runs in the bottom of the inning.

The Dodgers hit six homers and the Rockies had three as the teams combined for 36 hits.

Martinez 5, Braves 3
Host Florida chased Atlanta starter John Smoltz after four innings, handing him his second loss this week, and then survived a ninth-inning rally.

Jeff Conine's two-run homer in the first inning helped Florida take a 5-0 lead after three innings against Smoltz (14-3), who had won 14 straight before losing to St. Louis on June 24.

Smoltz allowed four runs and eight hits. Pat Rapp (4-10), who had lost his last six decisions, limited the Braves to five hits in six innings as Florida won its first game since the American League's first 12-game winner

Saturday, allowing only three hits over seven innings for host New York.

Pettitte (12-4) walked one and struck out four, throwing 97 pitches and showing no aftereffects from the left elbow stiffness that caused him to be held back in the Yankees' rotation.

New York expanded its lead over Baltimore in the AL East to 5 1/2 games in front of 45,295, the third-largest crowd at Yankee Stadium this season.

John Wetteland allowed Bobby Bonilla's eighth home run with one out in the ninth, a three-run shot that made it 4-3. But he finished up for his major-league-leading 25th save.

The Yankees scored three times in the fourth and once in the fifth off Mike Mussina (10-5).

Athletics 11, Angels 9
Visiting Oakland hit three home runs to tie a major-league record with 18 in four games, and the Athletics scored the go-ahead run in the seventh inning on shortstop Gary Disarcina's error.

Jason Giambi, Jerry Steinbeck and Gerónimo Berro homered for the Sox for the most homers in a four-game span.

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East Division				
W	L	Pct	GB	
New York	47	51	.503	
Baltimore	41	58	.512	5 1/2
Toronto	35	44	.443	12 1/2
Boston	33	45	.423	14
Detroit	23	57	.288	25

Central Division				
W	L	Pct	GB	
Cleveland	48	31	.608	
Chicago	48	33	.592	2
Milwaukee	40	38	.513	7 1/2
Minnesota	37	41	.475	10 1/2
Kansas City	34	48	.413	14 1/2

West Division				
W	L	Pct	GB	
Texas	49	31	.608	
Seattle	41	38	.522	6
California	40	40	.500	8 1/2
Oakland	38	42	.475	10 1/2

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השליח ליהודה

Porat fines Hadash, UTJ for financial irregularities

EVELYN GORDON

ALL parties except Hadash and United Torah Judaism got a clean bill of health on their financial reports for 1995, according to the state comptroller's annual report on party financing, published yesterday.

Comptroller Miriam Ben-Porat fined Hadash and UTJ NIS 100,000 and NIS 75,000 respectively, for failing to include the activities of some of their branches in their final report. However, this is much less than the maximum fine of three months' funding, or NIS 1 million for Hadash and NIS 834,450 for UTJ, which indicates that the violations were relatively minor.

Ben-Porat said she considered giving negative reports to several other parties as well, including Labor and Likud, but in the end did not.

Her doubts about Labor, which also applied to Meretz and Hadash, related to the rally last November at which prime minister Yitzhak Rabin was murdered. This rally, which involved large expenditures, was officially sponsored by an independent organization. However, Labor, Meretz and Hadash all ran ads publicizing the event, and clearly intended to get political benefit from it, Ben-Porat wrote.

"There is no doubt that the expenditures connected to the rally constituted a contribution to the parties mentioned, and especially to the Labor Party, in violation of paragraph 8 of the Party Funding Law [which forbids political donations by organizations]," Ben-Porat wrote. "However, in light of the tragic conclusion of the rally, and the inestimably heavy price which the horrible murder exacted, I cannot bring my hand to sign a negative report only on the basis of the violations mentioned above."

Regarding the Likud, Ben-Porat said her doubts related to various activities which it, the NRP, Tsomet and Moledet carried out in conjunction with the Council of Jewish Communities in Judea and Samaria, including a major rally in Jerusalem's Zion Square in October. In each case, there was a clear written agreement as to how much money each party would contribute, and both Tsomet and Moledet paid their shares. However, the Likud and the NRP did not. By allowing the council to foot the bill, Ben-Porat said, Likud and NRP were guilty of illegally accepting a donation from an organization.

"However, I decided to take into account the fact that the Likud and the NRP fulfilled all the other requirements of the law, and so - not without hesitations - I concluded that it would be too stringent to give these parties a negative report," she wrote.

A third issue which Ben-Porat said caused her considerable uncertainty was the contributions which both Tsomet and Moledet received from the Hecht Fund prior to the 1992 Knesset elections. Originally, she had okayed both these contributions, on the understanding that they came from an individual. Last year, however, she discovered that the Hecht Fund is in fact a registered organization. She therefore considered retroactively giving these two parties a negative report.

However, she said, a long time has passed since the contributions were received, and Moledet, at least, appears to have been genuinely confused about the fund's status. Therefore, she said, she decided to settle for making the parties refund the money, which both have done.

Tsomet, however, is currently being investigated by the police regarding two contradictory letters that it received from the fund's accountants. Depending on the results of this investigation, Ben-Porat said, she might still retroactively cancel Tsomet's positive report.

In her report, Ben-Porat also indicated two sections of the law which she believes need to be changed. The section which deals with contributions from the Histadrut is very unclear, she said, while the section which forbids parties to take out loans from anyone except a bank does not include any penalties for disobedience.

Finally, she discussed the habit many cities have of exempting parties from paying municipal rates (*armona*) on their local offices, which constitutes an illegal contribution. Because both the parties and the municipalities have made considerable progress towards correcting this fault since she sent a letter of warning last June, she wrote, she decided not to penalize any of the parties for such behavior in this report.

According to the report, the parties received NIS 78.4 million from the state in 1995, and spent NIS 79.8 million. These expenditures were within the permitted limits.

Court rejects Moledet request to join election fraud appeal

EVELYN GORDON

THE Jerusalem District Court yesterday rejected Moledet's request to join the Labor Party's appeal against the election results, thereby ensuring that the appeal will be confined to the prime ministerial race.

Labor's original appeal asked that the results of every ballot box in the country be checked for fraud and that new elections be held if the results of this check uncover enough cases of suspected fraud to throw the outcome of the prime ministerial race in doubt. Since the gap between Benjamin Netanyahu and Shimon Peres was less than 30,000 votes, Labor argued, a relatively small number of apparently fraudulent ballots would be enough to invalidate the results.

However, Labor's appeal related only to the prime ministerial race, whereas Moledet's appeal applied to the Knesset race as well. The latter charged that it missed getting a third Knesset seat by only some 300 votes and that it believes fraud accounted for this shortfall.

Judges Vardimos Zailer, Shalom Brenner and David Cheslin rejected Moledet's appeal on the spot, on the grounds that it was filed after the legal deadline. By law, appeals against the election results can be filed only within 15 days of when the final results are published in the government's official gazette, *Reshumot*.

On Thursday, the court will hear the continuation of Labor's appeal, after the Central Elections Committee and the Likud have submitted their responses. The appeal is based on Labor's check of some 100 polling stations, in a large percentage of which the party claims to have uncovered fraud. Both the CEC and the Likud said they wanted to check these findings themselves before responding to the appeal.

Moledet leader Rehavam Ze'evi, asked by reporters at yesterday's hearing whether he was really willing to endanger Netanyahu's election as prime minister for the sake of a third MK for his party, dismissed this consideration. "I have no obligation to either side - only to my voters," he said, according to *Itim*. "If Netanyahu won by virtue of votes he shouldn't have gotten, then he should go back where he came from."

Court to hold another hearing on Galnoor dismissal

EVELYN GORDON

THE High Court of Justice partially canceled an injunction yesterday against the replacement of Civil Service Commissioner Yitzhak Galnoor, but kept the show-cause order against his dismissal in place.

The partial lifting of the injunction means the government can take steps to replace Galnoor with former cabinet secretary Shmuel Hollander, as it tried to do last week.

However, the court ruled that should the cabinet decide to appoint Hollander, the appointment will not take effect until three days later, in order to give both Galnoor and the Movement for Quality Government in Israel time to ask for a new injunction.

Finally, the court decided to hold another hearing on the petition after a meeting between Galnoor and Prime Minister Benjamin Netanyahu, at which time, if Netanyahu is still set on dismissing Galnoor, the court will make a final decision on the legality of this move.

The decisions were made at a hearing yesterday on the petitions which the movement and Galnoor had submitted against the dismissal. The petitioners argued that since the civil service commissioner's job is to prevent the politicization of the civil service, it is improper for this post to itself become a political appointment, whose occupant changes every time the government does.

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